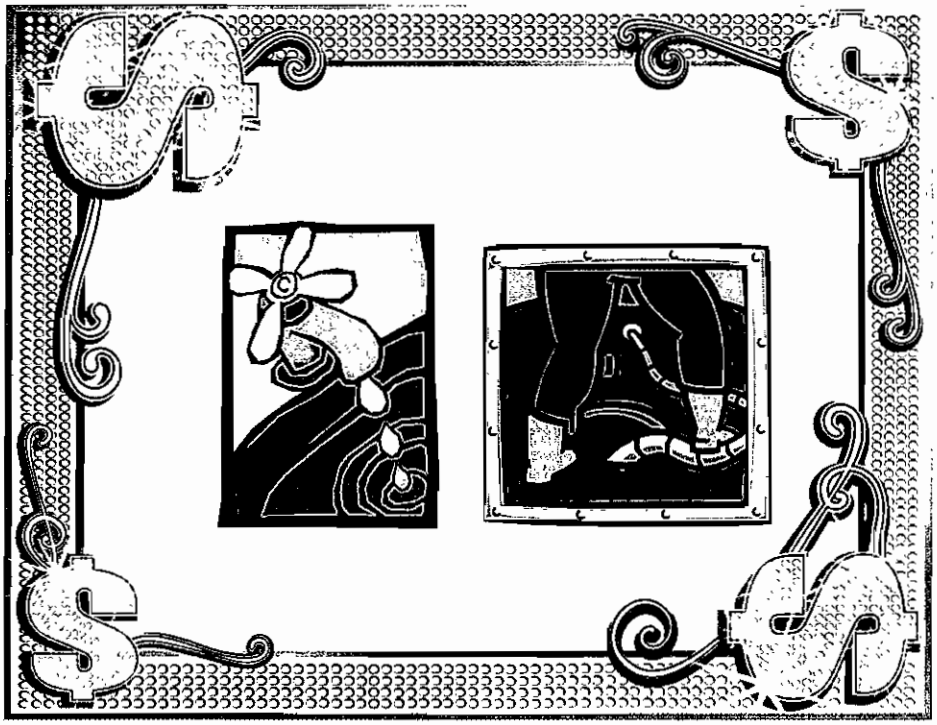
Water & Sewer Rate Task Force

Tuesday

February 5, 2013

Worksession

5:15p.m.



City Hall Conference Room - Upstairs

491 E. Pioneer Avenue

Homer, Alaska 99603

Prepared and Produced by the City Clerk's Office - 1/31/2013- rk

WATER AND SEWER RATE TASK FORCE
491 E. PIONEER AVENUE
HOMER, ALASKA

FEBRUARY 5, 2013
TUESDAY, 5:15 P.M.
CITY HALL CONFERENCE ROOM - UPSTAIRS

NOTICE OF MEETING
WORKSESSION

1. **CALL TO ORDER**
2. **APPROVAL OF THE AGENDA**
3. **PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA**
4. **RECONSIDERATION**
5. **APPROVAL OF MINUTES** (*Minutes are not approved during worksessions)*
6. **VISITORS**
7. **STAFF & COUNCIL REPORT/COMMITTEE REPORTS/BOROUGH REPORTS**
8. **PUBLIC HEARING**
9. **PENDING BUSINESS**
   - A. Review and Discussion on Working Draft Rate Model - Water & Sewer — Page 5
     - a. Draft Models printed from Working Spreadsheets - for reference only
   - B. Comments and Requests for Information from the Task Force — Page 11
   - C. Discussion and Recommendations on Draft Presentation to City Council — Page 33
10. **NEW BUSINESS**
    - A. Public Comments received since the Last Meeting — Page 59
      1. Letter submitted January 24, 2013 from Jon Faulkner Re: Proposed Rate Model
11. **INFORMATIONAL ITEMS**
    - A. Article from the Kitsap Sun Regarding Bainbridge Water System submitted by Kevin Hogan to Ken Castner for the Task Force January 25, 2013 — Page 105
12. **COMMENTS OF THE AUDIENCE**
13. **COMMENTS OF THE CITY STAFF**
14. **COMMENTS OF THE CHAIR**
15. **COMMENTS OF THE TASK FORCE**
16. **ADJOURNMENT** the next **WORKSESSION** is scheduled for **MARCH 5, 2013** at 5:15 p.m. in the Conference Room Upstairs, City Hall, a **REGULAR MEETING with PUBLIC HEARING ON FINAL DRAFT RATE MODEL IS SCHEDULED FOR FEBRUARY 19, 2013 at 5:30 P.M.** in the Cowles Council Chambers in City Hall located at 491 E. Pioneer Avenue, Homer Alaska.

Water and Sewer Rate Task Force Purpose:
TO EXAMINE THE EXISTING RATES AND RATE STRUCTURE
TO PREPARE A RECOMMENDATION TO COUNCIL ON A RATE AND RATE STRUCTURE FOR 2013.

	City of Homer Water and Sewer Rate Study Draft Rate Model						
	Version 10 - Working						
Updated November 5, 2012 by KC		Agreed Upon By Task Force at the November 20, 2012 Meeting					
Water Rates							
	Revenue Assumptions (dollars):					Source:	
1	Total Water Revenue Requirements (2014)=				1,890,265	annual budget	
2	Deduct Water portion collected through Service Fee				310,077	annual budget	
2	Hydrant Rents (10% of E6) =				189,027	annual budget	
4	Sprinkler Differential (20 buildings - $5/mo)=				1,200	Building Customer	
6	Surplus Water Sales (Bulk) surcaharge only =				98,750	Bulk Sales	
8	Adjusted Revenue Requirements =				1,291,211	Calculated	
9	Usage Assumptions (gallons):						
10	Metered Sales Projection (gallons) =				125,000,000	Prior Year	
11	Commodity Reduction due to Conservation =			13%		Number to be tested	
12	Adjusted Sales Projection (gallons) =				108,750,000	Calculated	
	Informational:						
13	Spit Water Sales =				17,921,000	Prior Year	
14	Surplus (Bulk) Water Sales =				23,072,500	Prior Year	
15	Number of Meters =				1,472	Prior Year	
16	City Hall Finance Department O/H=				775,192	annual budget	
17	Public Facilities Water Usage (value)=				134,904	annual budget	
	All Customers	Water Rate	Metered Service Fee				
		0.0119	17.55				

	City of Homer Water and Sewer Rate Study Draft Rate Model			
Updated November 20, 2012 by KC				
Sewer Rates		Version 7 - Working		
	Revenue Assumptions (dollars):			Source:
1	2014 Total Revenue Requirement=		1,680,279	Annual Budget
2	Spit Differential Sewer (.86*50% of Lift Stations) =		78,223	Spit Users
3	High BOD Generator Sewage Differential (10%) =		21,980	New Fee
4	Customer Fee from KC/Tennants ($5/mo) =		53,160	Reduced Fee
7	Kachemak City Fees (less pumping) =		81,270	
8	Summer Metered Gallons (Septic Reduction) =		(400.00)	
9	Adjusted Revenue Requirements=		1,446,046	
	Usage Assumptions (gallons):			
10	Discharge Sales Projection (gross metered) =		125,000,000	
11	13% Commodity Reduction due to Conservation =		(16,250,000)	
12	Metered Spit w/o entering Treatment Line=		(9,150,000)	
13	Adjusted Discharge Sales Projection =		99,600,000	
	Informational:			
14	Spit Sewer Discharge (gallons)=		7,225,000	Prior Year
15	Lift Station Costs=		181,915	Annual Budget
16	Single Connection Multi-Tennant Units=		886	Prior Year
17	Public Facilities Contribution =		46,918	Annual Budget
18	High BOD Generator Sewage (gallons) =		15,700,000	
19	Dumping Station Fees =		10,500	Annual Budget
	All Customers - Sewer Base Rate /gal			
	0.015			
	Spit Customer - Sewer Rate /gal (Base plus Differential)			
	0.025			
	Spit Customer - Sewer Rate /gal (High BOD = .004)			
	0.029			
	High BOD Rate			
	0.0183			

Type of User	$18/mo Service Fee	1.2¢ gal Water Fee	1.6¢ gal Bulk Water	1.5¢ gal Sewer Fee	2.7¢ gal Sewer Fee	$5/mo Customer Fee	$.0183/gal BOD Fee	$5/mo Fire Demand
BASE FEES:								
Bulk Water Purchaser			✔					
Residential/ Commercial - City*	✔	✔		✔				
Residential/ Commercial - Spit	✔	✔			✔			
Residential/Com - Kachemak City						✔		
ADDITIONAL FEES:								
Commercial/Institutional Kitchens							✔	
Multi-unit Customer Fee**						✔		
Car Washes							✔	
Hotels/Motels							✔	
Processing Facilities							✔	
Campground/RV Parks							✔	
Laundromat							✔	
Service Stations							✔	
Buildings w/ Sprinkler Systems								✔

* Includes:

B & B's

Businesses

Churches w/o DEC Kitchens

Cocktail Lounges

Groceries w/o DEC Kitchens

Private Club w/o DEC Kitchens

Public Authority w/o DEC Kitchens

** Includes:

Apartment/Housing Cc

Malls & Other Multi-u

Trailer Parks on Shared Meter(s)

Office of the City Clerk

Jo Johnson, CMC, City Clerk

Melissa Jacobsen, CMC, Deputy City Clerk II
Renee Krause, CMC, Deputy City Clerk I

491 E. Pioneer Avenue
Homer, Alaska 99603-7624
(907) 235-3130

(907) 235-8121
Extension: 2227
Extension: 2224

Fax: (907) 235-3143
Email: clerk@ci.homer.ak.us

MEMORANDUM

TO: WATER AND SEWER RATE TASK FORCE

FROM: RENEE KRAUSE, CMC, DEPUTY CITY CLERK

DATE: JANUARY 31, 2013

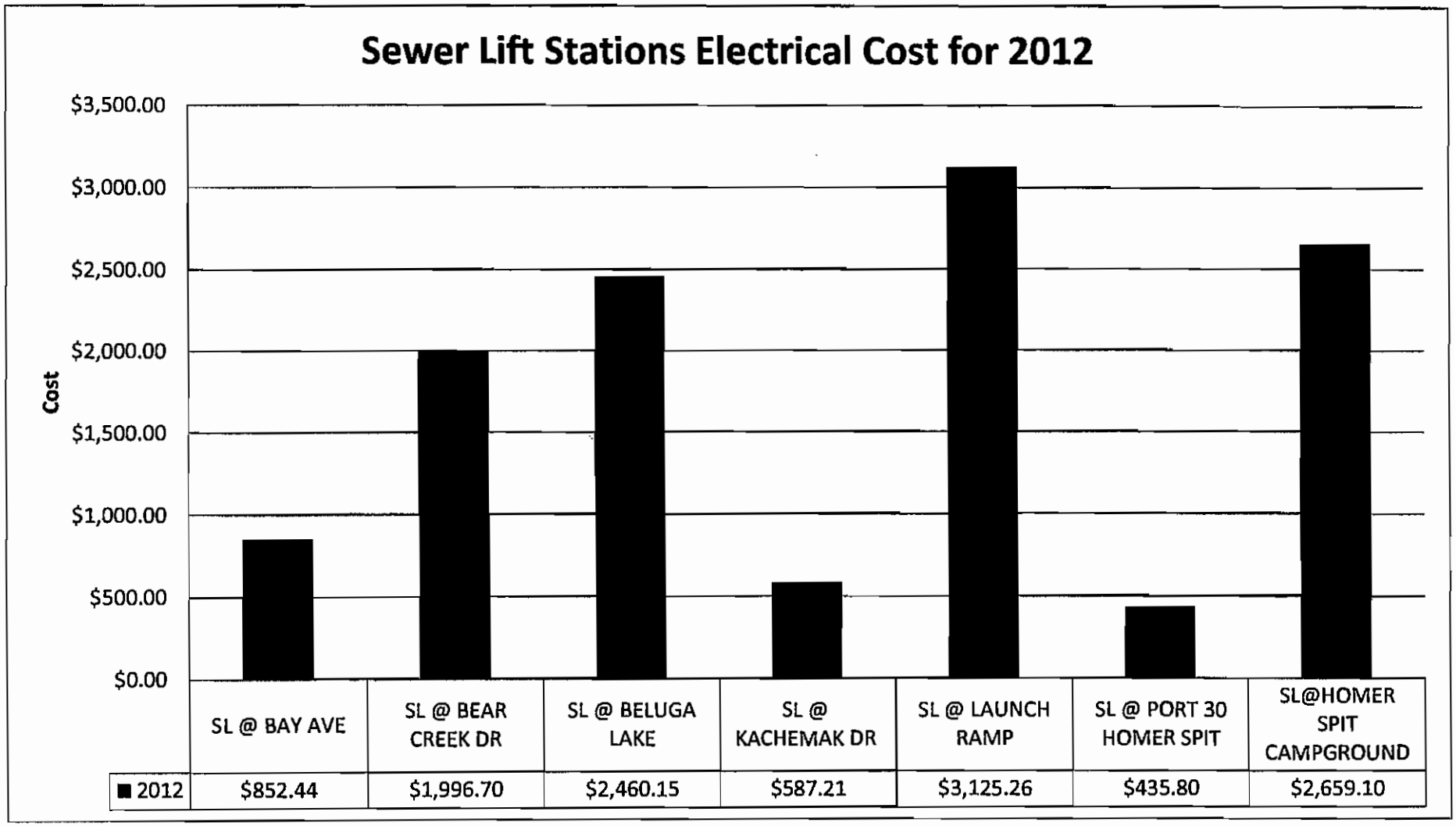
SUBJECT: COMMENTS AND REQUESTS FOR INFORMATION FROM THE TASK FORCE

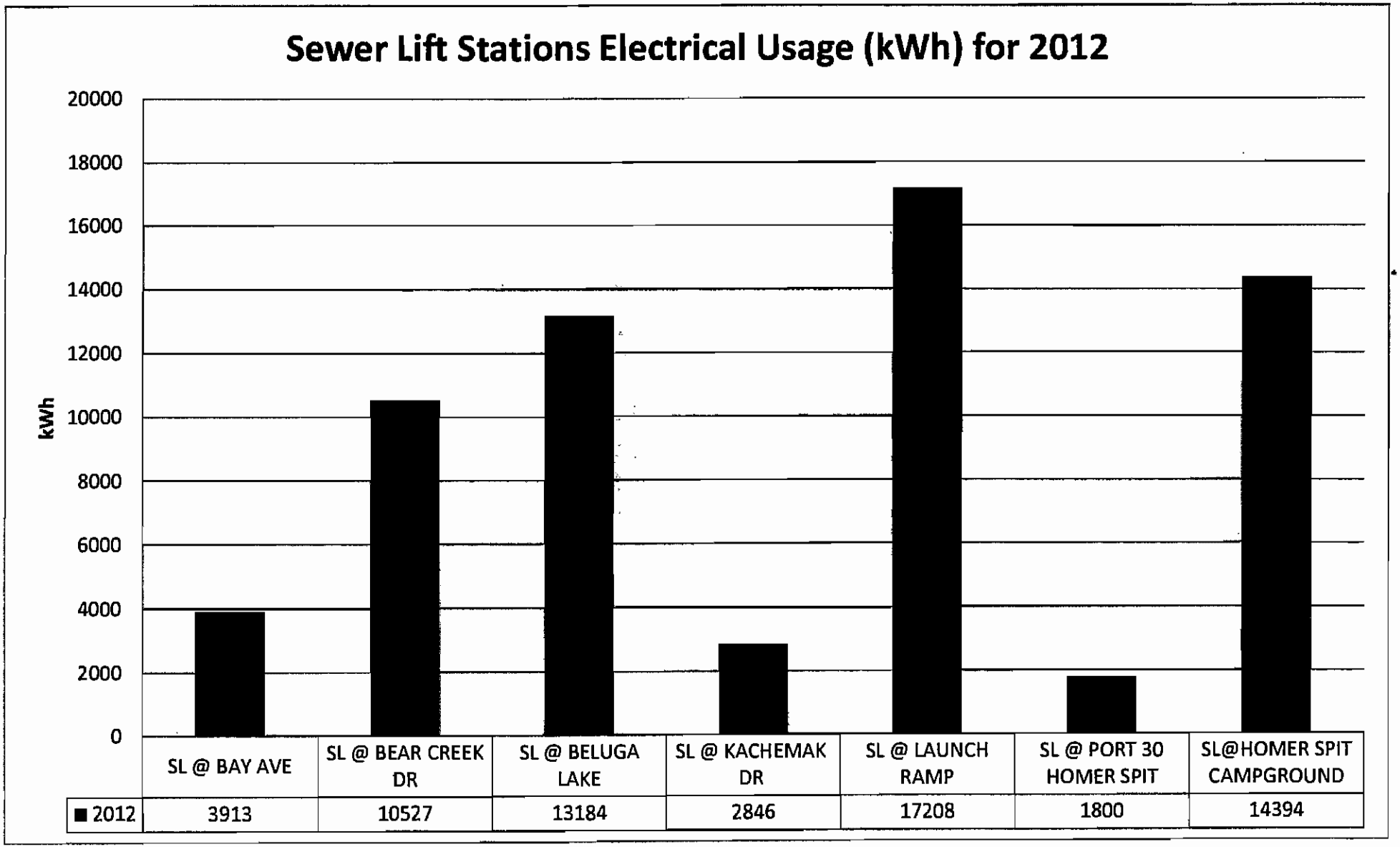
BACKGROUND

The following emails are in response to comments and requests for information from the members of the Task Force.

RECOMMENDATION

Informational Only. No Action Required.


Sewer Lift Stations Electrical Cost for 2012
Cost
$3,500.00
$3,000.00
$2,500.00
$2,000.00
$1,500.00
$1,000.00
$500.00
$0.00
SL @ BAY AVE
SL @ BEAR CREEK DR
SL @ BELUGA LAKE
SL @ KACHEMAK DR
SL @ LAUNCH RAMP
SL @ PORT 30 HOMER SPIT
SL@HOMER SPIT CAMPGROUND
2012
$852.44
$1,996.70
$2,460.15
$587.21
$3,125.26
$435.80
$2,659.10


Sewer Lift Stations Electrical Usage (kWh) for 2012
kWh
20000
18000
16000
14000
12000
10000
8000
6000
4000
2000
0
SL @ BAY AVE
SL @ BEAR CREEK DR
SL @ BELUGA LAKE
SL @ KACHEMAK DR
SL @ LAUNCH RAMP
SL @ PORT 30 HOMER SPIT
SL@HOMER SPIT CAMPGROUND
2012
3913
10527
13184
2846
17208
1800
14394

Renee Krause

From: Carey Meyer
Sent: Monday, January 28, 2013 9:18 AM
To: Renee Krause
Subject: Wastewater BOD

Residential wastewater typically has a Biological Oxygen Demand (BOD) of between 100 - 400 mg/l.

Restaurant wastewater BOD (laundry mats, service stations, too) can be 2 or 3 times residential BOD.

I cannot identify a specific cost or impact to the City regarding the collection or treatment of this higher strength wastewater.

The City is required to remove 85% of the BOD from the wastewater prior to discharge from the treatment plant. We routinely remove over 90% using normal treatment processes.

We occasionally have to clean a sewer more often because of a build-up of oil/grease (typically generated by a restaurant), but this situation is minimized by grease separators (typically installed on restaurants) and additional cleaning is not a routine occurrence.

Carey S. Meyer, P.E., MPA
City of Homer
Public Works Director
3575 Heath Street
Homer, AK 99603
e-mail: cmeyer@ci.homer.ak.us
Phone: (907) 235-3170
Fax: (907) 235-3145
Cell: (907) 399-7232

Renee Krause

From: Regina Mauras
Sent: Monday, January 28, 2013 4:51 PM
To: Renee Krause
Subject: BOD average

51,940 gallons average BOD.

Regina M. Mauras, CPA, CFE, EA
Finance Director
City of Homer
(907)435-3117
The great thing about working in the accounting department is that everybody counts.

Renee Krause

From: Ken Castner <KCastner@tonsina.biz>
Sent: Monday, January 14, 2013 11:26 AM
To: Renee Krause
Subject: East Road / Kach Drive Lift Stations

Renee:
I don't know if Beth has asked this question, but it is we need prior to the 22nd.
The total budgeted cost of the lift stations is $181,915 and Public Works has told us that the Spit users account for $90,958.
We have been asked, and it is a legitimate question, what the costs are for the lift stations on Kachemak Drive and East Road.
Our understanding to date is that those lift stations imposes a minimal cost, as most of the balance goes to the lift station at the Sewage Treatment Plant.
What are the costs of those two stations?
Thank you.
Did you pass my comments for the draft report on to Beth?
Ken Castner

Renee Krause

From: Ken Castner <KCastner@tonsina.biz>
Sent: Thursday, January 24, 2013 12:41 PM
To: Renee Krause
Subject: Staff Request II

How are the City's lift stations metered for electricity?
Carey has provided us a list of 8 lift stations; are there corresponding electric bills for each?
We are still searching for very provable numbers to justify the costs of the surcharge(s).
This will apply to Kachemak City and some lots on Kachemak drive, as well as the Spit.

Thanks.

Ken Castner

Renee Krause

From: Ken Castner <KCastner@tonsina.biz>
Sent: Thursday, January 24, 2013 1:40 PM
To: Renee Krause
Subject: Communication to Other Task Force Members

All:

Following the public testimony Tuesday night, I have three changes I'd like to make in the Rate Model:

1. Upon reflection of Mr. Faulkner's testimony, and given the fact that the vast majority of customers will have bills that are either within 2% or lower than their current bills, I believe a 13% conservation estimate is too high. I propose to cut it to 7%.
2. Given the testimony of Mr. Dye and Mr. Faulkner, I have asked the staff to again try and discretely identify the costs of the lift stations. When they are identified, Kachemak City, the Kachemak Drive customers, and the Spit customers, should be assessed a surcharge for the *identifiable costs.* The rest should be socialized into the commodity rate.
3. Given the testimony of Mr. Faulkner, I have asked staff to find a benchmark water usage in stand-alone restaurants. This is to establish a BOD charge for those businesses that use water for reasons other than restaurant use. The benchmark restaurants are:
    - AJ's
    - Duncan House
    - Fat Olive's
    - Cups
    - Don Jose's

    The benchmark number would be applied to:
    - Bidarka Inn
    - Beluga Lake Lodge
    - Land's End

    Half the benchmark number would be applied to clubs and institutions (i.e. Elks, American Legion, Senior Citizens', the schools making meals.)

    I don't know where the hospital should fit in. I think with the three hotels?

    There is a definition I'd like to add: *A Unit subject to the $5/month surcharge is defined as a rental unit with occupancy of 30 days or longer, or a condominium unit. A Unit is further defined as a space that has its own bathroom.*

    Thanks.

    Ken Castner

Renee Krause

From: John & Beth <mewjcw@acsalaska.net>
Sent: Thursday, January 24, 2013 7:42 PM
To: Renee Krause
Subject: RE: Communication to Other Task Force Members

I was also thinking about the lift station charges. Having a lift station fee as a separate commodity and charging for each station. So if it costs $140,000 a year to operate and maintain 7 lift stations, that's $20,000 per station. Divide the between all of the users that pass through that station. For example there is a station on Kachemak drive and if it has 100 services that require its service to lift sewage to the station in Kachemak City, those services will share in that expense ($20,000/100/12 months) for a $17 monthly lift station charge. Then divide the number of services using the next station in to the fee for that station and add the fee on. This way, the people on the spit will pay only their fair share of the three stations they have to pass through to get to the treatment plant, and everyone else that requires sewage lifting is contributing to those expenses as well. It would be a little time consuming to set up initially and would have to be reviewed every couple of years for new services, but it would certainly be "cost causer, cost payer" based.

I think Ken's changes are good and look forward to seeing them in the draft for the next meeting.

Also, a definition of fair escaped me the other night, but fair is when each consumer pays the cost of providing service to their location. Thus the elaborate treatment of lift station expenses.

Hope you have a great weekend. I am looking forward to some sleep.

Beth

From: Renee Krause [mailto:RKrause@ci.homer.ak.us]
Sent: Thursday, January 24, 2013 2:13 PM
To: Mary Wythe
Subject: FW: Communication to Other Task Force Members

See below

Renee Krause, CMC
Deputy City Clerk I

From: Ken Castner [mailto:KCastner@tonsina.biz]
Sent: Thursday, January 24, 2013 1:40 PM
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    Thanks.

    Ken Castner

Renee Krause

From: Beauregard Burgess <tassadar4t@gmail.com>
Sent: Friday, January 25, 2013 9:39 AM
To: Renee Krause
Subject: RE: Communication to Other Task Force Members

I feel like at the core of a rate scheme and indeed at the core of the definition of fairness, is a need for clarity and simplicity. When we consider the administrative time it will take to determine lift station costs and to assess those costs to the appropriate users on the system (every 2 years at least), when we consider the potential validity such complexities bring to the arguments put forth by those like Mr. Faulkner, and when we compare these costs to impose a fee to the relatively small overall cost of maintaining and operating the lift stations in the system, it seems like we should do either one of the following:

1. Find a way to get very solid and defensible numbers to justify the extra lift station operation surcharge to spit users and to spit users only
2. Abandon a lift station surcharge altogether and spread the cost across the entire system.

We are heading down a slippery slope that offers the potential to demand way more time and headache than is warranted and may ultimately undermine the final task of trying to explain this to and then garner support from the council and citizens.

With regard to BOD fees, I think we should try to incorporate our ultimate findings as to usages of the restaurants Ken indicated, into a single monthly user fee rather than a per gallon rate surcharge. This would help to address the concerns of a mixed user like Land's end, while also helping us to recoup some of the potential costs caused by BOD producers. When one considers the actual costs BOD producers present to the system, the cost has more to do with how many BODs the business produces, which may or may not have anything to do with the volume of water they use. I.e. Fat Olive's is going to flush 5 gallons of grease down the drain on average every week if they use 1,000 gallons or 5,000 gallons of water. And because of the nature of BODs and the way in which these things accumulate in the system, the rate at which they are washed away by other wastewater is also not tied necessarily to the volume of wastewater flowing by (hence the potential cost to the system is not tied to the water volume used). Lands End is a good example of a business where the BODs produced in the restaurant may or may not vary according to the hotel-side wastewater produced. Again, I think this is a situation where, lacking the ability to attribute actual costs to the system from BODs to specific users and their usage, it's easier to defend the argument for a fixed fee than it is to justify to a large water user with BOD concerns that their steep increase in cost has financial merit to the overall system and is fair.

I encourage the taskforce to keep or core message of a commodity-based system strong while not creating so many exceptional situations as to undermine the palatability of the rate structure as a whole.

Thanks,
Beau

From: Renee Krause [mailto:RKrause@ci.homer.ak.us]
Sent: Friday, January 25, 2013 8:45 AM
To: Beauregard Burgess
Subject: FW: Communication to Other Task Force Members

Comments from Beth

Renee Krause, CMC
Deputy City Clerk I

From: John & Beth [mailto:mewjcw@acsalaska.net]
Sent: Thursday, January 24, 2013 7:42 PM
To: Renee Krause
Subject: RE: Communication to Other Task Force Members

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Hope you have a great weekend. I am looking forward to some sleep.

Beth

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To: Mary Wythe
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See below

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Deputy City Clerk I

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Thanks.

Ken Castner

Renee Krause

From: Sharon Minsch <sminsch@hotmail.com>
Sent: Friday, January 25, 2013 11:35 AM
To: Renee Krause
Subject: RE: Communication to Other Task Force Members

How many customers are there on Kachemak Drive to share the cost of the lift station? These people have not even finished hooking up to this system. Are we trying to keep anyone else on Kachemak Drive from ever hooking up?

These lift stations are part of the system as designed by someone other than the customers. They are required to run the system. If these costs continue to change you are making some areas of the city less attractive than others in the market place becasue of higher costs.

If a comodity based system is the way to go then why are we making up all these special fees and only chargeing them to small groups of users?? Charging fees for lift stations to new customers on K drive was not included in the discussions that customers were part of before deciding to hook up.

How much does Kachemak City contribute to the costs of lift stations?

I do not believe these decisions are in the best interest of the system. I do not think we are being fair.

Changes to the draft model need to be made at a meeting and discussed by the group.

I am concerned that this is not a public process that is going on right now.

Subject: FW: Communication to Other Task Force Members
Date: Fri, 25 Jan 2013 08:44:01 -0900
From: RKrause@ci.homer.ak.us
To: sminsch@alaska.net

Comments from Beth

Renee Krause, CMC
Deputy City Clerk I

From: John & Beth [mailto:mewjcw@acsalaska.net]
Sent: Thursday, January 24, 2013 7:42 PM
To: Renee Krause
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Sent: Thursday, January 24, 2013 2:13 PM
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Deputy City Clerk I

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Half the benchmark number would be applied to clubs and institutions (i.e. Elks, American Legion, Senior Citizens', the schools making meals.)

I don't know where the hospital should fit in. I think with the three hotels?

There is a definition I'd like to add: *A Unit subject to the $5/month surcharge is defined as a rental unit with occupancy of 30 days or longer, or a condominium unit. A Unit is further defined as a space that has its own bathroom.*

Thanks.

Ken Castner

Office of the City Clerk

Jo Johnson, CMC, City Clerk

Melissa Jacobsen, CMC, Deputy City Clerk II
Renee Krause, CMC, Deputy City Clerk I

491 E. Pioneer Avenue
Homer, Alaska 99603-7624
(907) 235-3130

(907) 235-8121
Extension: 2227
Extension: 2224

Fax: (907) 235-3143
Email: clerk@ci.homer.ak.us

MEMORANDUM

TO: WATER AND SEWER RATE TASK FORCE

FROM: RENEE KRAUSE, CMC, DEPUTY CITY CLERK

DATE: JANUARY 31, 2013

SUBJECT: PRESENTATION TO CITY COUNCIL DRAFT

BACKGROUND

Following is the PowerPoint Presentation to City Council and the letter regarding the Rate Model recommendation.

Please review and write up list of recommendations made at the previous meetings. Chair Wythe has stated she had list.

RECOMMENDATION

Make any desired changes and include necessary recommendations made at meetings.

WATER & SEWER RATE TASK FORCE

First Open House/Public Hearing

January 22, 2013

Water and Sewer Rate Task Force Purpose:

TO EXAMINE THE EXISTING RATES AND RATE STRUCTURE TO PREPARE A RECOMMENDATION TO COUNCIL ON A RATE AND RATE STRUCTURE FOR 2013.

The Assignment

- Established by Resolution 12-027(A), Tasked with reviewing the existing rates and rate structure
  - Provide proposed rates for 2013
  - Provide written report to City Council no later than June 25, 2013

How Did the Task Force Prepare

- Reviewed a variety of data
  - The last rate study - 1997
  - Reviewed the Current Rate Structure as Established by Resolution 11-094(S)
  - Compared Rate Structures from Other Cities
- Determined what knowledge was required in order to make an informed recommendation
  - Consulted Manuals, Documents and information supplied by Staff
- Considered previous changes and determine the reasons supporting those changes

Why is our system so expensive

- The number one question on everyone's mind
  - Contributing factors :
    - Regulatory Compliance & Staffing
    - Expenses besides usage
    - Lack of System Density
    - Unconnected properties
    - Cost of treating water and waste
    - Flushing water
    - Water lost on docks
    - Seasonal users
    - Fire Hydrants

Rates Comparison

Considered Rate Design Options

OBJECTIVES	INCREASING RATE MODEL	UNIFORM RATE MODEL	SEASONAL RATE MODEL	FLAT RATE MODEL
FAIRNESS				
CONSERVATION				
EQUITY				
COST OF SERVICE BASED				
UNDERSTANDABLE				
FEASIBLE				
DEFENDABLE				
REVENUE STABILITY				
COST RECOVERY				
LEGAL				

Low

[redacted]

City of Homer Water and Sewer Rate Study Draft Rate Model
Version 1 Equal Commodity Charge plus Small Service Fee

Assumptions:

1	Hydrant Rents =	
2	Commodity Reduction due to	
3	Historic Metered Sales	136,000,000
4	Adjusted Soles Projection	
5	Total Revenue Requirements	1,624,471
6	Total Revenue Requirements	1,473,602
7	Total Services (meters) =	1,500
8	Total Customers (billings) =	
9	Total Revenue Requirements	324,000
10	Spit Differential =	
11	Sprinkler Differential =	
12	Commercial Differential =	
	Monthly Demand Fee =	

Sloan = Line 5/Line 3 = Commodity Rate ($/gal)
Sloan = Line 8/Line 6/12 = Monthly Service Fee
Sloan= Line 6/Line 3

All Customers	Water Rate	Service Fee	Sewer Rate
	0.01194	18	0.0106

[redacted]

Low Service Fee

Total Water and Sewer	Monthly Bill
1 to 150	25.36
151 to 300	41.53
301 to 450	55.27
451 to 600	66.45
601 to 750	77.07
751 to 900	89.37
901 to 1050	102.49
1051 to 1200	123.40
1201 to 1350	169.46
Top 10%	985.46

Points in Favor:

A) Simple

B) Removes multi-tenant charges

C) Encourages conservation

Points Against:

Case 1 No Hydrant Rents

Case 2 Reduced Soles through conservation

Case 3 Cost-causers subsidized by others (Spit water)

Case 4 Cost-causers subsidized by others (Sprinkler water)

Case 5 Cost-cousers subsidized by others (Spit sewer)

Case 6 Cost-cousers subsidized by others (Heavy Commercial sewer)

City of Homer Water and Sewer Rate Study Draft Rate Model
Version 1.1 Case 1 using Equal Commodity Rate Approach
with Hydrant Rents Paid by General Fund)

Assumptions:

1	Hydrant Rents =	178,647
2	Commodity Reduction due to Conservation =	
3	Historic Metered Sales Projection (gallons) =	136,000,000
4	Adjusted Sales Projection (gallons) =	
5	Total Revenue Requirements for Commodity =	1,445,824
6	Total Revenue Requirements for Disposal =	1,473,602
7	Total Services (meters) =	1,500
8	Total Customers (billings) =	
9	Total Revenue Requirements for Service =	324,000
10	Spit Differential =	
11	Sprinkler Differential =	
12	Commercial Differential =	
	Monthly Demand Fee =	

Sloan = Line 5/Line 3 = Commodity Rate ($/gal)
Sloan = Line 8/Line 6/12 = Monthly Service Fee
Sloan= Line 6/Line 3

All Customers	Water Rate	Service Fee	Sewer Rate
	0.01063	18	0.0108

Low Service Fee, Hydrant Rents Covered by General Fund

Total Water and Sewer	Monthly Bill
1 to 150	24.93
151 to 300	40.17
301 to 450	53.12
451 to 600	63.66
601 to 750	73.66
751 to 900	85.25
901 to 1050	97.62
1051 to 1200	117.32
1201 to 1350	160.73
Top 10%	929.68

Points in Favor:

A) Simple

B) Removes multi-tenant charges

C) Encourages conservation

Points Against:

Case 2 Reduced Sales through conservation

Case 3 Cost-causers subsidized by others (Spit water)

Case 4 Cost-causers subsidized by others (Sprinkler water)

Case 5 Cost-causers subsidized by others (Spit sewer)

Case 6 Cost-causers subsidized by others (Heavy Commercial sewer)

City of Homer Water and Sewer Rate Study Draft Model
Version 1.1 (Case 1 using Equal Commodity Rate with Hydrant Rents Paid by the General Fund, Conservation Adjustment

Assumptions:

1	Hydrant Rents =	178,647
2	Commodity Reduction due to Conservation =	13%
3	Historic Metered Sales Projection (gallons) =	136,000,000
4	Adjusted Sales Projection (gallons) =	
5	Total Revenue Requirements for Commodity =	1,633,781
6	Total Revenue Requirements for Disposal =	1,665,170
7	Total Services (meters) =	1,500
8	Total Customers (billings) =	
9	Total Revenue Requirements for Service =	324,000
10	Spit Differential =	24,480
11	Sprinkler Differential =	
12	Commercial Differential =	
13	Monthly Demand Fee =	

Sloan = Line 5/Line 3 = Commodity Rate ($/gal)
Sloan = Line 8/Line 6/12 = Monthly Service Fee
Sloan= Line 6/Line 3

All Customers	Water Rate	Service Fee	Sewer Rate
	0.01201	18	0.0122

Water Total Revenue:

Commodity	1,633,781	
Service		324,000
Total:		1,957,781

[redacted]

Fee Conservation Consideration

Total Water and Sewer	Monthly Bill
1 to 150	25.84
151 to 300	43.06
301 to 450	57.68
451 to 600	69.59
601 to 750	80.90
751 to 900	84.12
901 to 1050	96.27
1051 to 1200	115.65
1201 to 1350	158.32
Top 10%	914.27

Points in Favor:

A) Simple

B) Removes multi-tenant charges

C) Encourages conservation

Points Against:

Case 3 Cost-causers subsidized by others (Spit water)

Case 4 Cost-causers subsidized by others (Sprinkler water)

Case 5 Cost-causers subsidized by others (Spit sewer)

Case 6 Cost-causers subsidized by others (Heavy Commercial sewer)

City of Homer Water and Sewer Rate Study Draft Rate Model
Version 1.1 (Case 1 using Equal Commodity Rate with Hydrant Rents Paid by General Fund)

Assumptions:

1	Hydrant Rents =	178,647
2	Commodity Reduction due to Conservation =	
3	Historic Metered Sales Projection (gallons) =	
4	Adjusted Sales Projection (gallons) =	
5	Total Revenue Requirements for Commodity =	1,607,824
6	Total Revenue Requirements for Disposal =	1,635,602
7	Total Services (meters) =	1,500
8	Total Customers (billings) =	
9	Total Revenue Requirements for Service =	
10	Spit Differential =	
11	Sprinkler Differentiol =	
12	Commercial Differential =	
13	Monthly Demand Fee =	

Flat Rate = (Sum Line 5 + Line 6)/Line 7/12 months

All Customers One Bill for Water and Sewer
180.19

Flat Rate Model

Points in Favor:

A) Simple

Points Against:

Cost-causers subsidized by others

Discourages conservation

Multi-fold increase to residential users

Proposed Water Rates

Water Rates Draft

City of Homer Water and Sewer Rate Study Draft Rate Model
Version 10 - Working
Updated November 5, 2012 by KC
Water Rates

	Revenue Assumptions (dollars):		Source:
1	Total Water Revenue Requirements (2014)=	1,890,265	annual budget
2	Deduct Water portion collected through Service Fee	310,077	annual budget
2	Hydrant Rents (10% of E6) =	189,027	annual budget
4	Sprinkler Differential (20 buildings - $5/mo)=	1,200	Building Customer
6	Surplus Water Sales (Bulk) surcharge only =	98,750	Bulk Sales
8	Adjusted Revenue Requirements =	1,291,211	Calculated
9	Usage Assumptions (gallons):		
10	Metered Sales Projection (gallons) =	125,000,000	Prior Year
11	Commodity Reduction due to Conservation =	13%	Number to be tested
12	Adjusted Sales Projection (gallons) =	108,750,000	Calculated
	Informational:		
13	Spit Water Sales =	17,921,000	Prior Year
14	Surplus (Bulk) Water Sales =	23,072,500	Prior Year
15	Number of Meters =	1,472	Prior Year
16	City Hall Finance Department O/H=	775,192	annual budget
17	Public Facilities Water Usage (value)=	134,904	annual budget

All Customers	Water Rate	Metered Service Fee
	0.0119	17.55

Proposed Sewer Rates

Sewer Rates Draft

City of Homer Water and Sewer Rate Study
Draft Rate Model
Updated November 20, 2012 by KC
Sewer Rates Version 10 - Working

	Revenue Assumptions (dollars):		Source:
1	2014 Total Revenue Requirement=	1,680,279	Annual Budget
	Spit Differential Sewer (.86*50% of Lift Stations)		
2	=	78,223	Spit Users
3	High BOD Generator Sewage Differential (10%) =	21,980	New Fee
4	Customer Fee from KC/Tenants ($5/mo) =	53,160	Reduced Fee
7	Kachemak City Fees (less pumping) =	81,270	
8	Summer Metered Gallons (Septic Reduction) =	(400,00)	
9	Adjusted Revenue Requirements=	1,446,046	
	Usage Assumptions (gallons):		
10	Discharge Sales Projection (gross metered) =	125,000,000	
11	13% Commodity Reduction due to Conservation =	(16,250,000)	
12	Metered Spit w/o entering Treatment Line=	(9,150,000)	
13	Adjusted Discharge Sales Projection =	99,600,000	
	Informational:		
14	Spit Sewer Discharge (gallons)=	7,225,000	Prior Year
15	Lift Station Costs=	181,915	Annual Budget
16	Single Connection Multi-Tenant Units=	886	Prior Year
17	Public Facilities Contribution =	46,918	Annual Budget
18	High BOD Generator Sewage (gallons) =	15,700,000	
19	Dumping Station Fees =	10,500	Annual Budget

All Customers - Sewer Base Rate /gal
0.015
Spit Customer - Sewer Rate /gal (Base plus Differential)
0.025
Spit Customer - Sewer Rate /gal (High BOD = .004)
0.029
High BOD Rate
0.0183

[redacted]

Type of User	$18/mo Service Fee	1.2¢ gal Water Fee	1.6¢ gal Bulk Water	1.5¢ gal Sewer Fee	2.7¢ gal Sewer Fee	$5/mo Customer Fee	$.0183/gal BOD Fee	$5/mo Fire Demand
BASE FEES:								
Bulk Water Purchaser			✔					
Residential/ Commercial - City*	✔	✔		✔				
Residential/ Commercial - Spit	✔	✔			✔			
Residential/Com - Kachemak City						✔		
ADDITIONAL FEES:								
Commercial/Institutional Kitchens							✔	
Multi-unit Customer Fee**						✔		
Car Washes							✔	
Hotels/Motels							✔	
Processing Facilities							✔	
Campground/RV Parks							✔	
Laundromat							✔	
Service Stations							✔	
Buildings w/ Sprinkler Systems								✔

* Includes:
B & B's
Businesses
Churches w/o DEC Kitchens
Cocktail Lounges
Groceries w/o DEC Kitchens
Private Club w/o DEC Kitchens
Public Authority w/o DEC Kitchens

** Includes:
Apartment/Housing Complexes
Malls & Other Multi-unit Commercial
Trailer Parks on Shared Meter(s)

[redacted]

WHAT DO THESE NEW RATES MEAN TO ME?

Example # 1 The vast majority of customers will fall under this rate.
The first line on your bill is the Customer Service Charge for Water:
It is a flat fee for both water and sewer $ 18.00
The second line on your bill is for water per 100 gallons
Multiply your consumption by 1.19
Example: 35x 1.19 = $ 41.65
The third line on your bill is the Customer Service Charge for Sewer
There is just one service fee $ -
The fourth line on your bill is the septage per 100 gallons
Multiply your consumption by 1.5
Example: 35x 1.50 = $ 52.50
Total for this example using 3500 gallons: $112.15
So for *most* customers you simply multiply your metered water by $2.69
and add the $18 service fee
Example: 35x 2.69 = $ 94.15 then add 18.00 = $ 112.15
Multiply that number by 7.5% for the tax $112.15 x 0.075 = $ 8.41
Add them together = $ 120.56

HOW MANY GALLONS DO YOU USE EACH MONTH?

For *most* residential and commecial users:

Gallons Used:	Your Total Bill:*
1000	48.27
2000	77.19
3000	106.10
4000	135.02
5000	163.94
6000	192.86
7000	221.77
8000	250.69
10000	308.53
12000	366.36
15000	453.11
20000	597.70
30000	886.88
40000	1176.05
60000	1754.40
100000	2911.10

* City sales tax included

** Applies to both residential and commercial

If you have multiple units:**

Your Total Bill:*				
2 unit	3 unit	4 unit	6 unit	8 unit
53.64	59.02	69.77	80.52	91.27
82.56	87.94	98.69	109.44	120.19
111.48	116.85	127.60	138.35	149.10
140.40	145.77	156.52	167.27	178.02
169.31	174.69	185.44	196.19	206.94
198.23	203.61	214.36	225.11	235.86
227.15	232.52	243.27	254.02	264.77
256.07	261.44	272.19	282.94	293.69
313.90	319.28	330.03	340.78	351.53
371.74	377.11	387.86	398.61	409.36
458.49	463.86	474.61	485.36	496.11
603.08	608.45	619.20	629.95	640.70
892.25	897.63	908.38	919.13	929.88

Reference Resources

- Rate Setting for Small Water Systems, Texas Cooperative Extension Service, Texas A & M University System
- Excerpt from Basic Guide to Water Rates, www.lwua.gov.ph/water_rates_08/rates_two.html
- Chart Table 2-1 Annual Funds Required
- Anchorage Water & Sewer Rates 2012 www.awwu.biz/website/Customer_Service/water_tariff13-2.htm
- Intergovernmental Agreement for Kachemak /Homer Wastewater System Between Kachemak City and City of Homer , dated August 10, 1988
- KPMG Peat Marwick, Water and Wastewater Utilities Rate Study, February 11, 1991
- Montgomery Watson, Utility Rate Study, August 11, 1997
- City of Homer 2000 Rate Model Matrix – Water & Sewer
- 2008 Rates Analysis Water & Sewer Enterprise Fund

Reference Resources

- City of Kenai Water & Sewer Rate Study Prepared by Kurt Playstead, CH2M HILL, February 7, 2011
- M54: Developing Rates for Small Systems, American Water Works Association, Copyright 2004
- City of Soldotna Water & Sewer Rate Study Prepared by HDR Engineering Completed in Late 2011/Early 2012

Reference Resources

- Resolution 12-027(A), Establishing a Water & Sewer Rate Task Force
- Resolution 11-094(S), Maintaining the City of Homer Fee Schedule at the Current Rates and Amending Customer Classifications in the Water & Sewer Rate Schedules
- Ordinance 11-43, Amending HCC 14.08.037, Water Meters Regarding Number of Meters Per Lot
- Resolution 11-062(A) Maintaining the City of Homer Fee Schedule Under Water and Sewer Fees.

Reference Resources

- Resolution 04-94(S)(A), Amending Homer Fee Schedule Regarding Water Rates
- Resolution 04-95, Amending Homer Fee Schedule Regarding Sewer Rates
- Excerpt from City Council Minutes regarding Resolution 04-94(S) & Resolution 04-95
- Resolution 05-121(A), Amending the City of Homer Fee Schedule Regarding Water Rates
- Resolution 05-122, Amending the City of Hamer Fee Schedule Regarding Sewer Rates

Reference Resources

Information Provided by Finance Department

- City of Homer Year End 2011 Utility Special Revenue Fund
- 2011 Balance Sheet
- Classifications & Average Monthly Usage for 2011
- Actual Random Sample Invoices depicting various gallonage used for comparison
- Depreciation Reserves Requirements
- 2012 Operating Budget Water & Sewer
- Staff time to produce Invoice
- How Budget Numbers are calculated
- Year to Date figures Water & Sewer June 2012
- Year to Date figures Water & Sewer August 2012
- City of Homer 2012 Operating Budget
  - Fund 200 – Water & Sewer Special Revenue Fund
  - Fund 400 - Water Fund Administration
  - Fund 400 Water & Fund 500 Sewer Fund Revenues

Reference Resources

Provided by the Finance Department continued-

- Fund 200 – 401 Water Treatment Plant
  - 402 Water Treatment Plant Testing
  - 403 water Pump Stations
  - 404 Water Distribution Systems
  - 405 Water Reservoir
  - 406 Water Meters
  - 407 Water Hydrants

Reference Resources

Information Provided by Public Works

- How Fire Protection Affects the Water System – Public Works
- Spit Water Overhead & Maintenance Costs
- Flushing Fire Hydrants & Water Mains
- 2011 Average Water Usage By Classification
- Water Treatment Plant Flows in Millions of Gallons
- Maps Indicating Lift Station Locations and Areas Served
- Number of Gallons of Water delivered to the spit Annually
- Approximate Amounts returned to Water Treatment Plant
- Meter Sizes & Number of Each Size
- Gallonage in the Harbor

Your Turn! We Want to Hear From You

- What are your thoughts?
  - Is it fair?
  - Is it reasonable?
  - What would you change?

TO: MAYOR WYTHE & HOMER CITY COUNCIL

FROM: WATER & SEWER RATE TASK FORCE

DATE: MARCH , 2013

RE: PROPOSED WATER & SEWER RATES AND ADDITIONAL RECOMMENDATIONS

BACKGROUND

Attached is the Water & Sewer Rate Task Force's ("the Task Force") recommendations regarding the rate-setting model for the City of Homer Water & Sewer services. The Task Force was established in accordance with the provisions of Resolution 12-027(A), consisting of five City of Homer residents (Ken Castner, Bob Howard, Sharon Minsch, Lloyd Moore and Terry Yager) and two City Council members (Barbara Howard and Beth Wythe), appointed by Mayor James Hornaday through Memorandum 12-056. Subsequent to the original appointments, community member Terry Yager submitted his resignation from the Task Force and the seat remained unfilled for the duration of the review process. Also, following the October elections, Beth Wythe was authorized to continue on the Task Force through Resolution 12-094 following her election as Mayor. Barbara Howard resigned from the Task Force in November and was replaced by Council Member Beau Burgess through Memorandum 12-161(A). Copies of all Resolutions and Memoranda are included in the appendix of this report as supporting documentation.

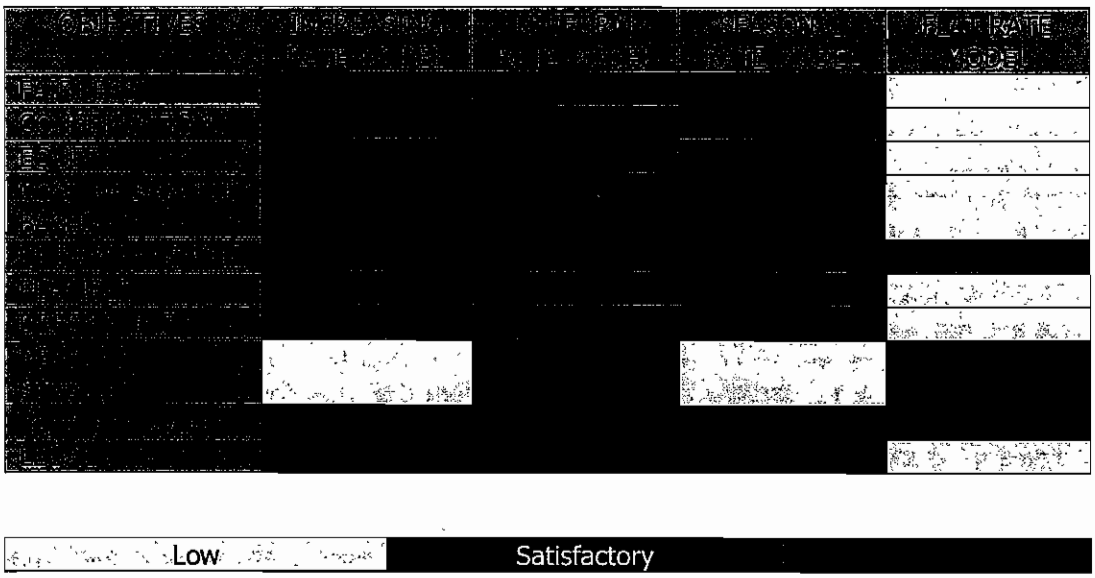
Following the establishment of the Task Force the initial meeting was held May 9, 2012. At this meeting the Task Force established the framework for a meeting schedule for meeting the first and third Tuesday of each month with the first Tuesday being a work session and the third Tuesday being a regular meeting. All work sessions and meetings were scheduled in the conference room. The schedule was adjusted from time-to-time to accommodate holidays and scheduling conflicts for members of the Task Force.

The initial meetings of the Task Force were primarily focused on determining the types and sources of information that would be required to allow the Task Force to more fully understand rate making concepts and the nature of the City of Homer's current rate design. This process included:

- Reviewing the 1991 Water and Wastewater Utilities Rate Study conducted by KPMG Peat Marwick.
- Reviewing the 1997 Utility Rate Study prepared by Montgomery Watson. Task Force Members Castner and Moore were participants in that rate study as well and were able to provide valuable insight into the resulting rate model which was successfully used by the City until recent history.
- Reviewing budget documents from several prior years, as well as more current information included in the proposed 2013 budget.
- Reviewing the areas served by the Water & Sewer Enterprise and discussions related to potential users that have a disproportionate impact on the existing infrastructure. These include the requirements of the system specific to providing fire hydrant services, commercial building sprinkler services, and the expense of delivering water and returning sewage to the Spit.
- The requirements for certified staff and the staffing plan for the water and sewer treatment plants were reviewed, as was the allocation of other staff services to the Water & Sewer Enterprise.
- The loss of large volumes of treated water as a result of dead-ended lines.
- Rates from other nearby communities were reviewed and the reasons for the difference in operating costs as well as coming impacts for new regulations on these systems as compared to the Homer system were discussed.
- User data was reviewed to develop a sense of the "average" user, and again to develop a better understanding of the disproportionate users.

- Staff provided an overview of both the water system from treatment to return, and the sewer treatment from return to treatment.
- Fire protection expenses.

Following the collection and review of this volume of information the Task Force considered a variety of ratemaking formulas with consideration for fairness and consumer satisfaction.



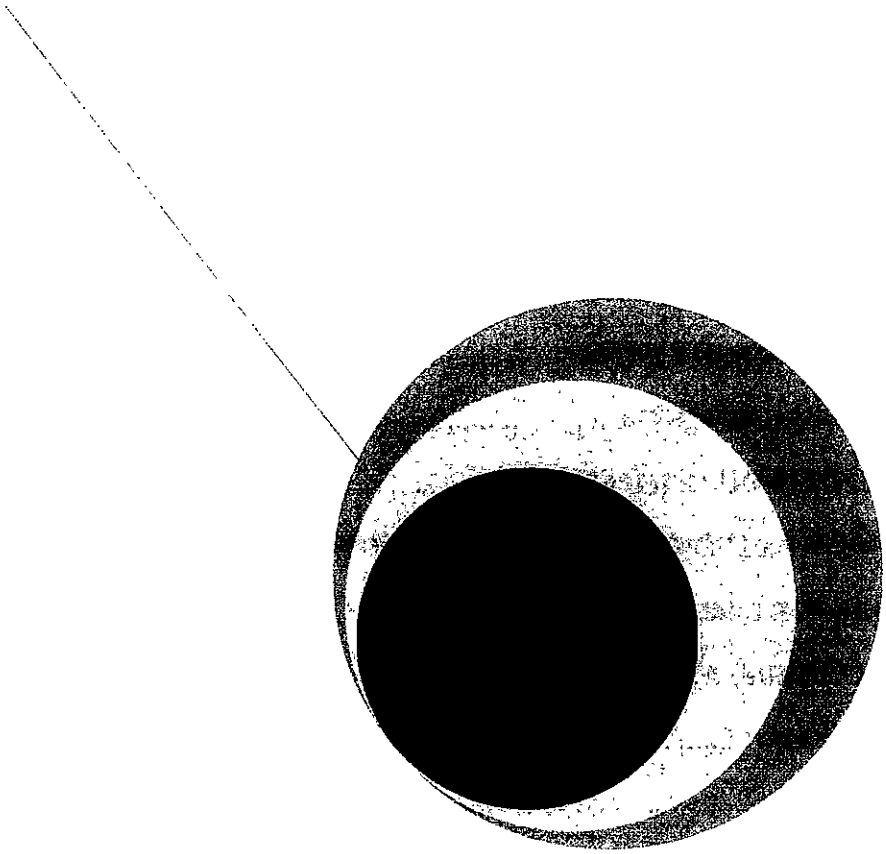
Upon considering the various rate design options, the Task Force determined that focusing its energy on designing a commodity based rate structure that took into consideration expenses that were not directly related to the delivery of service to consumers, such as system size due to fire hydrants, bringing water to the Spit, **(improve list)**_____, and also considered extraordinary expenses on the sewer side (BOD?)_____.

The recommendations of this report are based on these presumptions and result in the Water & Sewer Enterprise collecting the needed funds, but distributing the expense for the system more equitably based on a cost-causer, cost-payer foundation.

Respectfully submitted,

HOMER WATER & SEWER TASK FORCE

Chair:	Mayor Wythe
Vice Chair:	Beauregard Burgess
Current Members:	Ken Castner, Robert Howard, Sharon Minch, and Lloyd Moore



Water & Sewer Rate Task Force
Rate Review Recommendation Report – Draft

Fair and equitable distribution of system expenses based on cost-causer.

This document contains a review of findings of the 2012 Water & Sewer Task Force and a recommendation for a commodity based rate structure.

Contributing Task Force Members:
Beauregard Burgess, Ken Castner, Barbara Howard, Robert Howard, Sharon Minsch, Lloyd Moore, Terry Yager, Beth Wythe

(DATE SUBMITTED TO COUNCIL) MARCH , 2013

TABLE OF CONTENTS

INTRODUCTION:

(This section will provide an explanation of what lead to the development of the Task Force. What our commission was and briefly what the recommendation is.)

The City Council approved the creation of a Task Force after numerous Public Comments and complaints on the increase in the fees related to the Water & Sewer Rates.

The Water & Sewer Rate Task Force resolved to try and reach decisions that were not colored by sentiment or popularity. The City Council will be the final decider of any rate changes, and political decisions should be left to elected officials.

CURRENT RATE STRUCTURE:

This section will review what the billing system is currently and the resulting rates using three categories (residential, small volume commercial, and large volume commercial), etc.

The Task Force believes that a gallon of water or a gallon of waste should be of an equal base cost to all users, and when a class or location of users is found to be more costly, a surcharge is added.

Public Works states that the City's water system is designed to primarily handle the fire protection needs of the City. The current City contribution to the annual water budget does not meet the attributed costs that should be recovered through "hydrant rents".

The Task Force believes the service charge should reflect the actual cost of customer billing, banking and accounting.

FAIR AND EQUITABLE RATES:

This section will provide discussion on what makes a fair and equitable rate design.

The Task Force established that there were costs associated that were derived from the population in general (fire protection, City owned buildings, public rest rooms, fish cleaning stations and support of other services that use water in their day-to-day activities). Those costs should be borne by the City through its general fund.

General Fund tariffs should be the same as any other user.

There is an inherent fairness in charging all customers hooked into the system(s) the same rate for an indistinct commodity. A gallon of water is the same no matter what its use.
A uniform rate provides leads to easy and automatic rate changes as the calculations are simple and transparent.

Fairness also requires that users that demand service beyond the normal, or create additional costs, be charged for those expectations and/or costs. Two examples of the former would be the small surcharge placed on those buildings with un-metered fire protection service lines and multi-unit complexes using a single meter. Two examples of the latter would be the additional cost of treating "hot" (high BOD) sewage and the costs of maintaining and powering the sewer lift stations.

SYSTEM REQUIREMENTS:

This section will provide an overview of why the system is sized the way it is and the resulting financial impact to the consumers.

DISPROPORTIONATE IMPACTS:

This section will review wasted water, the cost of sewage return due to lift stations, and BOD impacts.

OPTIONS FOR DISTRIBUTING COSTS TO CAUSERS:

This section will discuss the proposed reallocation of costs. The user fees proposed, the reallocation of expense to fire hydrants, etc.

CRITERIA FOR EVALUATING THE SOLUTIONS:

This section will discuss how we arrived at the use of a commodities based rate structure.

OTHER CONSIDERATIONS:

This section can include other items that we wanted to educate the community on. (staffing certification requirements, EPA regulation changes, etc.)

In establishing these new rates, the Task Force accepted the costs that had been promulgated by the City Administration and approved by the City Council.

Eighty percent of the combined budgets are costs necessary for the treatment and delivery of water for the City and its customers, together with the cost of collection and treatment of the produced effluent. The remainder is the allocated cost of administrative service.

The decision as to the size and appropriateness of that allocation, and the decision to use City employees to provide those services, rests with the City Council.

CONCLUSIONS:

This will be our recommendations list and supporting statements. Remember we need to include such things as "it is proposed that the rate model, if adopted, be managed without consideration of political influence and public out-cry", etc.

References and Resources

Rate Setting for Small Water Systems, Texas Cooperative Extension Service, Texas A & M University System
Excerpt from Basic Guide to Water Rates, www.iwua.gov.ph/water_rates_08/rates_two.html
Chart Table 2-1 Annual Funds Required – Unknown Source
Anchorage Water & Sewer Rates 2012 www.awwu.biz/website/Customer _ Service/water tariff13-2.htm
Intergovernmental Agreement for Kachemak /Homer Wastewater System Between Kachemak City and City of Homer, dated August 10, 1988
KPMG Peat Marwick, Water and Wastewater Utilities Rate Study, February 11, 1991
Montgomery Watson, Utility Rate Study, August 11, 1997
City of Homer 2000 Rate Model Matrix – Water & Sewer
2008 Rates Analysis Water & Sewer Enterprise Fund
City of Kenai Water & Sewer Rate Study Prepared by Kurt Playstead, CH2M HILL, February 7, 2011
M54: Developing Rates for Small Systems, The American Water Works Association, Copyright 2004
City of Soldotna Water & Sewer Rate Study Prepared by HDR Engineering (No date)

APPENDIX

We need to include the resolutions and memorandums and any the documents that support our recommendation.

Resolution 12-027(A), Establishing a Water & Sewer Rate Task Force
Resolution 11-094(S), Maintaining the City of Homer Fee Schedule at the Current Rates and Amending Customer Classifications in the Water & Sewer Rate Schedules
Ordinance 11-43, Amending HCC 14.08.037, Water Meters Regarding Number of Meters Per Lot
Resolution 11-062(A) Maintaining the City of Homer Fee Schedule Under Water and Sewer Fees.
Resolution 04-94(S)(A), Amending Homer Fee Schedule Regarding Water Rates
Resolution 04-95, Amending Homer Fee Schedule Regarding Sewer Rates
Excerpt from City Council Minutes regarding Resolution 04-94(S) & Resolution 04-95
Resolution 05-121(A), Amending the City of Homer Fee Schedule Regarding Water Rates
Resolution 05-122, Amending the City of Homer Fee Schedule Regarding Sewer Rates

Information Provided by Finance Department
City of Homer Year End 2011 Utility Special Revenue Fund
2011 Balance Sheet
Classifications & Average Monthly Usage for 2011
Actual Random Sample Invoices depicting various gallonage used for comparison
Depreciation Reserves Requirements
2012 Operating Budget Water & Sewer
Staff time to produce Invoice
How Budget Numbers are calculated
Year to Date figures Water & Sewer June 2012
Year to Date figures Water & Sewer August 2012
City of Homer 2012 Operating Budget Fund 200 – Water & Sewer Special Revenue Fund
Fund 400 - Water Fund Administration, Fund 400 Water & Fund 500 Sewer Fund Revenues

Information Provided by Public Works
How Fire Protection Affects the Water System – Public Works
Spit Water Overhead & Maintenance Costs
Flushing Fire Hydrants & Water Mains
2011 Average Water Usage By Classification
Water Treatment Plant Flows in Millions of Gallons
Maps Indicating Lift Station Locations and Areas Served
Number of Gallons of Water delivered to the spit Annually
Approximate Amounts returned to Water Treatment Plant
Meter Sizes & Number of Each Size
Gallonage in the Harbor

Office of the City Clerk

Jo Johnson, CMC, City Clerk

Melissa Jacobsen, CMC, Deputy City Clerk II
Renee Krause, CMC, Deputy City Clerk I

491 E. Pioneer Avenue
Homer, Alaska 99603-7624
(907) 235-3130

(907) 235-8121
Extension: 2227
Extension: 2224

Fax: (907) 235-3143
Email: clerk@ci.homer.ak.us

MEMORANDUM

TO: WATER AND SEWER RATE TASK FORCE

FROM: RENEE KRAUSE, CMC, DEPUTY CITY CLERK

DATE: JANUARY 31, 2013

SUBJECT: PUBLIC COMMENTS RECEIVED SINCE THE LAST MEETING

BACKGROUND

The following information was received from Jon Faulkner related to his testimony during the Public Hearing portion of the meeting on January 22, 2013.

RECOMMENDATION

Informational Only. No Action Required.

JAN 24 2013 PM03:31

To: Water and Sewer Task Force

Fr: Jon Faulkner, Land's End

Re: Water and Sewer Task Force, Proposed Rate Model

Date: January 24, 2013

City Task Force:

The rate model proposed by the Task Force, as outlined during public hearing on 1/22/13, can only be characterized as arbitrary and unsupported. Any attempt to address the core problem—the cost of allocated overhead—appears to be "off-limits". Thus, a heavy and unjustified burden will continue to fall on businesses and high volume users, eroding job creation and the health of our local economy.

Point #1: City Policy is Inconsistent

Several years ago, this task force decided the way to increase revenue was to increase the commodity rate and eliminate differential rates for Homer Spit. The goals then were to simplify the rate structure, create a level playing field and encourage conservation. The council was told "You cannot conserve your way out of a revenue problem" and low and behold usage and city revenues went down. Land's End spent thousands on low gallon toilets, shower heads and sink valves. Our consumption went down and our bills went up. Now we're being targeted to pay for a new revenue gap through a model that adds complexity, creates an uneven playing field and does nothing to reward conservation over the long term.

One member stated that heavy users have a greater chance of reward from conservation efforts, because they have higher volumes. It seems conservation will never be rewarded; there is a fixed or growing amount of revenue needed and no amount of reduced consumption will lower that revenue demand. Your proposed 13% "surcharge" for expected revenue declines from conservation is proof enough that conservation (lower usage) is simply offset with increased commodity rates. The problem is that we can't reduce expenses when demand drops.

Point #2: Homer's water and sewer rates are uncompetitive and beyond all reasonable compare!

One's definition of what is "fair" should begin with whether the actual costs to be apportioned are fair—otherwise no amount of "equity" in the distribution model will be fair.

Here in Homer, Land's End pays 4x more than the exact same property and usage would pay in Kenai—and more than triple what it would pay in Palmer, Kodiak or Sitka. This translates to roughly five lost jobs.

Attached Exhibit A makes an apples-to-apples comparisons between Homer and other Alaskan communities. These places were selected randomly, and the backup is attached on how our summer and winter average bills compare to what they would be in exactly the same circumstances elsewhere.

This information shows the reality faced by local businesses. TF members stated that "other communities are not fully compliant and are on the verge of increasing their rates." This is speculation, not the leadership we need.

Point #2 Administrative overhead is applied in an arbitrary and capricious manner.

The task force presented slides purporting to explain why our system is so expensive. The slides failed to list the most expensive component of our system—one that is out of proportion with reality and with other communities our size: Administrative overhead.

When asked how overhead is determined, the answer from the task force was: "The finance director develops the percentage and it's then inserted as part of the budget process."

What this means is that one person adjusts the number to make the budget balance, depending on how much money needs to be wrung from the enterprise fund. No council member has the information to challenge this number number and so they never do, and the process is individual and arbitrary. Does Homer impose disproportionately higher overhead costs to water / sewer administration (indirect, non-depreciation costs) than other communities and if so, what is the justification for it?

The answer is "yes" and that justification does not exist in the public record. The city does not track administrative time spent on each revenue center, and the allocation of administrative overhead applied to the Water/Sewer Fund is never brought to the council and voted on as a number to be justified—a percentage based on reasonably supported facts. The public demands to know how Homer's overhead allocation compares to other communities. We need transparency so the true costs and sustainability of our current system can be analyzed. That's what this TF should be doing.

Point #3 Excess revenue is being collected from high volume users in an arbitrary manner.

A 13% drop in commodity usage should translate to lower overall system costs, but not in Homer. Furthermore, this 13% drop in expected usage is arbitrary—an admitted WAG resulting in a "cushion" of excess revenue. This might be justified if collected from everyone equally. But your model raises the commodity rate to absorb 100% of this "slush fund", so large volume users once again pay disproportionately more. This "surcharge" has nothing to do with the costs of delivering water. As a common "reserve", it should be collected from everyone equally, and refunded accordingly.

Point #4: Methodology for proposed cost recovery is inconsistently applied

The task force creates a "spit differential", which is a surcharge purportedly to recover the added costs of lift stations serving the spit. The stated goal of doing this is to apportion costs fairly, but in reality it singles out a very small minority of users and perpetuates a myth that serving the spit is somehow "subsidized" by everyone else on the system. This is demonstrably false.

First, the TF has provided no factual basis for its preposterous assumption that fully 43% of all waste flowing through the city's lift stations is from spit users (.86*50% of lift stations). There has been no effort by this task force to assess everyone who uses a lift station, nor any effort to "drill down" and identify the direct costs of individual lift stations. This is shocking, given the impact on Land's End—a 100% increase in our already astronomically high sewer rates. How anyone can construe this is "fair" is beyond comprehension.

The most expensive lift station is Beluga Lake at roughly $25,000 in direct cost in 2012. This lift station services 10 times the volume of the spit and yet it doesn't occur to this task force that maybe non-spit users of this lift station should participate in the "differential". Why is this? Why is this TF ignoring the obvious--that Kachemak City and Kachemak Drive and many other locales generate costs from lift stations too. Why do you conveniently exempt them from your "differential"?

The TF's efforts to identify cost centers and apportion them fairly needs to be more principled vs. "political". From a modeling cost standpoint, there is no difference between electricity that runs a lift station and a revenue clerk. They both generate costs to the system that have to be paid. Thus, if this task force really cares about "fairness" and accurate cost allocation, they would insist on more precise tracking of how much time the finance department spends on bill processing, and proportionately how much more costly it is to service a residential customer than a commercial one.

One fundamental problem Homer has is not enough large volume users on the system and our policies discourage the very users we need. We hear from some people the solution is "infilling" and "more users" and yet our current cost structure discourages this. The only thing that will correct this is to reduce costs.

The term "socialize" is used to describe the practice of spreading certain costs evenly among all beneficiaries of the service. The city has been trying to win support for the gas line by "socializing" all development costs in the form of equal assessments. This "we're all in the same boat" is the city's model for this economic development initiative, yet this TF is pursuing an entirely different policy when it comes to a similar utility. Large users often make extensions of utilities to remote locations economic, where other smaller users can then afford to connect—like the Homer Spit for example. Talk of "socializing" costs is divisive and rarely leads to an accurate assessment of what is "fair". For example, what is "fair" changed completely after the Icicle Seafood plant burned down and suddenly that loss of revenue had to be absorbed by others on the system.

Point #5: The Homer Spit entirely pays its way.

Analysis of the draft rate model indicates that spit users are projected to discharge 7,225,000 gallons per year; the total for the entire City of Homer system is projected at $125,000,000. The "Spit" users represent 7.2% of the total usage, or 6.2% of the Adjusted Discharge gallons ($99,600,000) after adjusting for conservation, and the adjustment line labeled "metered spit without entering treatment line."

The total sewer revenue requirement for 2014 is budgeted at $1,680,279 less $53,160 from KC Tenant customer fees and $81,270 for Kachemak City equals $1,546,249. 6.2% of $1,546,249 equals $95,867. If "Spit" users are not singled-out unnecessarily, and charged the same rate of 1.4 cents per gallon like city residential users, then fees would total $101,150---exceeding the $95,867 required.

If 50% of the "Spit" sewer discharge is High BOD (1.83 cents) discharge and 50% is not (1.4 cents) then the average "Spit" gallon price would approximate 1.61 cents which would yield $116,322 which far exceeds the $95,867 required. This scenario assumes that the City does not increase the "Spit" rate to 2.7 cents per gallon and maintains a level playing field for 'Spit" and "non-Spit" users.

There is no need for singling out the "Spit" users. If the task force is truly matching revenue with cost causers then the Spit users already pay their fair share.

Point #6: Homer Residents are very likely subsidizing Kachemak City

Much more public disclosure is needed on this point. However, per your proposed model, Kachemak City has 127 users (3x Homer Spit), has no lift station charges, and accounts for only $81,270 in revenue annually for all waste services (water is bulk)--so about $53 per month, per person. By contrast, the lift station charges ALONE you are proposing for the Homer Spit exceed $81,000. In constrast, the lift station serving Kachemak City is equally large and expensive to operate as the spit, and no "differential" is proposed. The proposed customer fee of $5 is equally disproportionate to the added overheads of K.C.

Point #7 The introduction of a new "High BOD" surcharge is unsupported, sudden and ill-conceived.

There is no public information on what constitutes "high BOD", nor is there any documentation that costs are higher to process this waste with Homer's Deep Shaft technology. If they are higher, there is no documentation as to how much higher. Thus the rates associated with "High BOD" have no connection to actual costs. Businesses have been given zero opportunity to plan for this and perhaps eliminate the high BOD altogether.

Land's End has both a restaurant and hotel, but the vast majority of wastewater developed is from the hotel. Applying a high BOD rate to the entire waste stream is clearly unfair.

High BOD is associated with restaurants. I doubt seriously any TF member has ever owned a restaurant or knows what the margins of profit are that are typically obtained. This charge will hit the small businesses who can least afford it. Most are owner-operated and the proprietors are already working long hours for not much more than minimum wage.

Point #8 Your model does not include revenue sources within the city's budget.

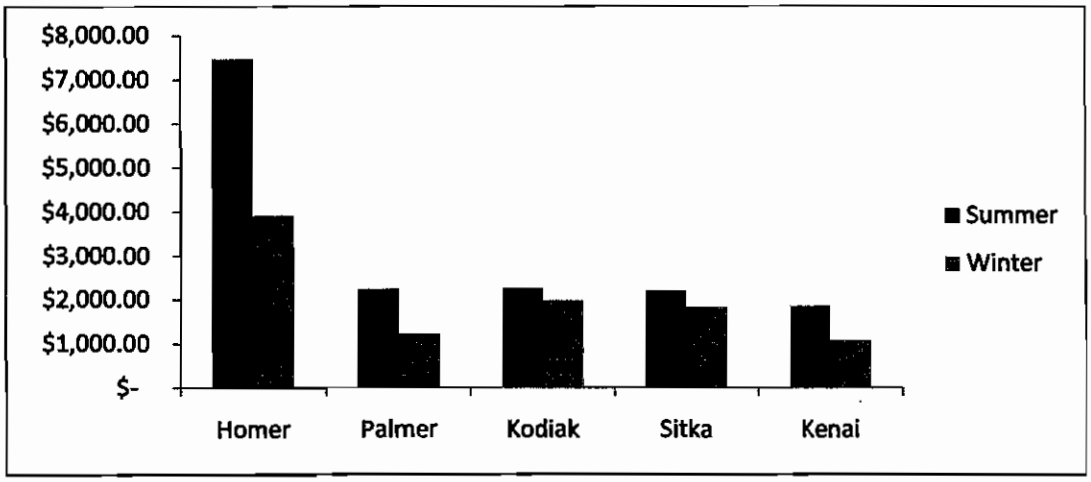
Your rate model overestimates revenue requirements by failing to account for non-operating revenue such as interest, penalties and PERS contributions , in spite of the fact that these revenues are in the City budget. There is no explanation in the record for this.

Point: #9 There appears to be discrepancies between your model and the city budget.

Your Draft rate model uses $3,570.544 in total revenue, vs. 3,350,190 in the current city budget. There is no explanation for this revenue in excess of the budget .

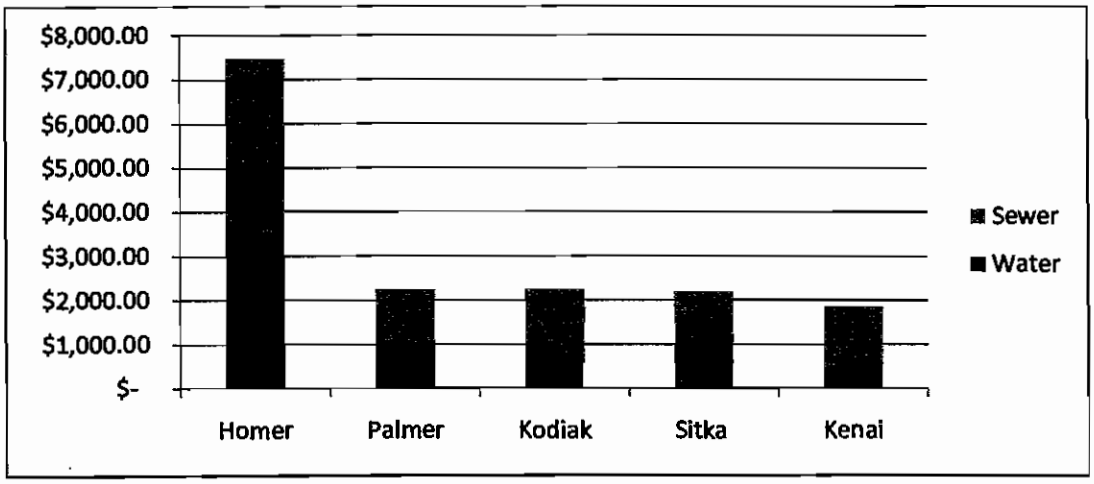
Water and Sewer Rate: A Comparative Study

Summer vs. wintercombined water and sewer costs, based on actual Land's End Resort volumes



	Summer Months	Winter Months
Homer	$7,476.49	$3,916.23
Palmer	$2,239.91	$1,219.52
Kodiak	$2,254.62	$1,985.08
Sitka	$2,212.53	$1,837.84
Kenai	$1,854.04	$1,064.69

Water vs. Sewer Costs based on actual Land's End Resort volumes



**(Summer Rates)*

	Water	Sewer
Homer	$3,549.08	$3,927.40
Palmer	$975.56	$1,264.34
Kodiak	$621.30	$1,633.32
Sitka	$740.10	$1,472.43
Kenai	$464.38	$1,389.66

Land's End & Chartroom

- Avg. Summer*(May, June, July)* Water Consumption = **309,130** gallons
- Avg. Winter *(Nov., Dec, Jan.)* Water Consumption = **161,033** gallons
- 84 Rooms *(Excluding Lodges)*
- Water Meter is 2in.
- 48 seats in Bar, 146 in Restaurant, 194 Total
- Chartroom ~2000 sq. ft.

City water and Sewer Rate Structures:

Homer:

- Water: **$25.00** *(Flat Monthly Charge)* + **$11.40** per 1000 gallons.
- Sewer: **$20.00** (Flat Monthly Charge) + **$12.64** per 1000 gallons.

Palmer:

- Water: **$110.00** *(Flat Monthly Charge for 2in. Meter)* + **$2.80** per 1000 gallons.
- Sewer: **$4.09** per 1000 gallons

Kodiak:

- Water: **$58.68** *(Meter Fee)* + **$1.82** per 1000 gallons.
- Sewer: Hotel: 1 unit = $31.41, 1 hotel room = 0.5 unit, (84* 0.5)* $31.41 = **$1,319.22**
  Restaurant: 1 unit = $31.41, 200 sq. ft. = 1 unit, (2000/200)* $31.41 = **$314.10**

Sitka:

- Water: **$1.69** per 1000 gallons *(50,000 allowance for 2 in. meter)*, **$2.53** per 1000 gallons after 50,000.
- Sewer: Hotel: 1 unit = $42.19, 1 hotel room = 0.3 unit, (84 x 0.3)* $42.19 = **$1,063.19**
  Restaurant: 1 unit = $42.19, 1 seat = 0.05 unit, (194 x 0.05)* $42.19 = **$409.24**

Kenai:

- Water: **$53.24** *(Meter fee for 2in. meter)* + **$1.33** per 1000 gallons.
- Sewer: **$153.14** *(Meter fee for 2in. meter)* + **$4.00** per 1000 gallons

Analysis: According to this comparison Land's End/Homer pays on average ~3 times more in Water & Sewer costs than these other like-sized Alaskan communities.

Key Equations

Summer Water and Sewer Costs:

*Homer =25+20+(((309130/1000)*11.4)+((309130/1000)*12.64))*
*Palmer =110+(((309130/1000)*2.8)+((309130/1000)*4.09))*
*Kodiak = 58.68+((309130/1000)*1.82)+1319.22+314.1*
*Sitka = (50*1.69)+(((309130-50000)/1000)*2.53)+1063.19+409.24*
*Kenai = 53.24+(((309130/1000)*1.33)+(((309130/1000)*4)))+153.14*

Winter Water and Sewer Costs:

*Homer =25+20+(((161033/1000)*11.4)+((161033/1000)*12.64))*
*Palmer =110+(((161033/1000)*2.8)+((161033/1000)*4.09))*
*Kodiak =58.68+((161033/1000)*1.82)+1319.22+314.1*
*Sitka =(50*1.69)+(((161033-50000)/1000)*2.53)+1063.19+409.24*
*Kenai =53.24+(((161033/1000)*1.33)+(((161033/1000)*4)))+153.14*

Matthew Brown
FCA, LEAC
1/16/2013

LE

City of Homer | Customer History | Page: 1
Water and Sewer Utilities | Report Dates: 01/01/2012 - 12/31/2012 | Jan 16, 2013 10:42AM

Report Criteria:
Customer.Customer Number = [redacted]

1.0050.10 LANDS END ACQ CORP 4786 HOMER SPIT RD- WEST

Account Summary:

Period	WChg	WCons	SServ	SUsg	Billings	Billing Adjustments	Payments	Other	Balance
	Tax	PNLTY							
12/31/2011									1,217.61
01/31/2012	25.00	60.42	20.00	66.99	190.92	-	580.13 -	-	828.60
	12.93	5.58							
02/29/2012	25.00	156.16	20.00	173.17	409.68	-	-	-	1,238.28
	28.08	7.25							
03/31/2012	25.00	147.09	20.00	183.09	381.75	-	410.09 -	-	1,209.94
	28.83	-							
04/30/2012	25.00	175.59	20.00	194.68	456.96	-	227.59 -	-	1,439.30
	31.14	10.88							
05/31/2012	25.00	110.58	20.00	122.81	311.84	-	600.80 -	-	1,150.34
	20.56	12.59							
06/30/2012	25.00	543.78	20.00	602.83	1,228.21	-	381.78 -	-	1,997.80
	37.50	-							
07/31/2012	25.00	958.46	20.00	1,060.50	2,099.46	-	1,997.80 -	-	2,099.46
	37.50	-							
08/31/2012	25.00	1,174.20	20.00	1,301.92	2,556.62	-	2,099.46 -	-	2,556.62
	37.50	-							
09/30/2012	25.00	605.34	20.00	671.16	1,381.41	-	2,556.62 -	-	1,381.41
	37.50	22.39							
10/31/2012	25.00	156.04	20.00	171.90	411.83	-	-	-	1,793.24
	27.90	12.09							
11/30/2012	25.00	160.74	20.00	178.22	412.76	-	1,381.41 -	-	824.59
	25.80	-							
12/31/2012	25.00	98.04	20.00	108.70	277.64	-	-	-	1,102.53
	16.88	7.22							
Totals:	300.00	4,343.49	240.00	4,816.84	10,122.17	-	10,237.45 -	-	
	348.22	77.71	-	-					

Metered Services:

WCons Current Rate: 211 WA Usage - Commercial

← Add Two øøs Ex 53 = 5,300 gal's

Period Date	Read Date	Meter ID	Begin Read	End Read	Usage	Multiplier	Amount	Status
[redacted]								
02/29/2012	02/15/2012	70355231	26,818	26,955	137	1.0000	156.16	
03/31/2012	03/15/2012	70355231	26,955	27,084	129	1.0000	147.09	
04/30/2012	04/12/2012	70355231	27,084	27,238	154	1.0000	175.59	
[redacted]								
08/31/2012	08/14/2012	70355231	29,681	29,681	1,030	1.0000	1,174.20	
09/30/2012	09/18/2012	70355231	29,681	30,212	531	1.0000	605.34	
10/31/2012	10/10/2012	70355231	30,212	30,348	136	1.0000	155.04	
[redacted]								

83900 gals

City of Homer
Water and Sewer Utilities

Customer History
Report Dates: 01/01/2012 - 12/31/2012

Report Criteria:
Customer.Customer Number [redacted]

1.0061.01 LANDS END ACQ CORP 4786 HOMER SPIT RD- EAST

Account Summary:

Period	WChg Tax	WCons PNLTY	SServ	SUag	Billings	Billing Adjustments	Payments	Other	Balance
12/31/2011									15,667.90
01/31/2012	25.00 37.50	1,461.48 82.07	20.00	1,620.45	3,248.50	-	6,168.66 -	-	12,825.74
02/29/2012	25.00 37.50	2,018.94 110.46	20.00	2,238.54	4,450.46	-	-	-	17,076.20
03/31/2012	25.00 37.50	3,156.92 -	20.00	3,511.39	6,750.81	-	5,447.09 -	-	18,380.92
04/30/2012	25.00 37.50	2,785.02 160.91	20.00	3,087.85	6,116.38	-	3,932.15 -	-	20,574.15
05/31/2012	25.00 37.50	2,606.04 160.02	20.00	2,889.50	5,756.06	-	7,696.96 -	-	18,835.25
06/30/2012	25.00 37.50	3,727.80 -	20.00	4,133.28	7,943.58	-	6,760.81 -	-	19,918.02
07/31/2012	25.00 37.50	2,627.70 -	20.00	2,913.52	5,623.72	-	19,918.02 -	-	5,623.72
08/31/2012	25.00 37.50	2,822.84 -	20.00	3,129.56	6,034.60	-	5,623.72 -	-	6,034.60
09/30/2012	25.00 37.50	1,478.30 82.80	20.00	1,638.68	3,248.48	-	6,034.60 -	-	3,248.48
10/31/2012	25.00 37.50	1,468.04 28.42	20.00	1,625.50	3,202.48	-	-	-	6,450.94
11/30/2012	25.00 37.50	2,790.48 -	20.00	3,092.80	5,945.98	-	3,248.48 -	-	8,148.32
12/31/2012	25.00 37.50	846.20 80.05	20.00	1,048.12	2,157.87	-	-	-	11,306.19
Totals:	300.00 450.00	27,685.54 894.75	240.00 -	30,918.69 -	60,488.96	-	94,750.69 -	-	

Metered Services:

WCons Current Rate: 211 WA Usage - Commercial

Period Date	Read Date	Meter ID	Begin Read	End Read	Usage	Multiplier	Amount	Status
[redacted]								
02/29/2012	02/15/2012	70315380	235,656	237,427	1,771	1.0000	2,018.94	
03/31/2012	03/15/2012	70315380	237,427	240,405	2,778	1.0000	3,156.92	
04/30/2012	04/12/2012	70315380	240,405	242,848	2,443	1.0000	2,785.02	
[redacted]								
08/31/2012	08/31/2012	70315380	0	0	2,476	1.0000	2,822.84	ESTIMATED
09/30/2012	09/20/2012	70315380	0	259,281	8,078	1.0000	1,478.30	
10/31/2012	10/10/2012	70315380	259,281	260,547	1,266	1.0000	1,468.04	
[redacted]								

230,500 gals

Published on *City of Homer Alaska Official Website* (http://www.cityofhomer-ak.gov)

The Water and Sewer Rate Model was modified by City Council as part of a water/sewer study it conducted during the first half of 2009. The rate model was modified for several reasons. First, the Council wanted to address the ability to cover at least a portion of the depreciation expense incurred by the Water/Sewer Enterprise Fund. Depreciation funds pay for repair and replacement of equipment and infrastructure.

Second, Council wanted to simplify the model that the City currently uses. The new model is less complicated as it offers:

- The same monthly customer charge for all users;
- Rate increases are spread over a two year period;
- The bill is now based on how much the user consumes;
- The use per gallon is varied only by customer classification.

This model was adopted to be used for a two year period to take effect with the first full month of service after July 1, 2009.

This model breaks down the rate structure into three user groups for water (residential, commercial, and bulk users). [redacted] The charge per gallon is .00442 per gallon or $4.42 per 1,000 gallons for residential users. [redacted] And the charge per gallon for bulk water haulers is .01269 per gallon or $12.69 per 1,000 gallons. The amount each user group pays per gallon reflects the percentage of all water consumed in that user group.

For sewer charges the model breaks down the rate structure into two user groups residential and commercial. [redacted] The charge per gallon is .00997 per gallon, or $9.97 per 1,000 gallons for residential users. [redacted]

Source URL (retrieved on *2013-01-16 13:28*): http://www.cityofhomer-ak.gov/finance/water-and-sewer-rate-history

Matthew Brown

From: Gina Davis <gdavis@palmerak.org>
Sent: Tuesday, January 15, 2013 4:51 PM
To: lefca@alaska.net
Subject: [redacted] Water & Sewer Rates
Attachments: Utilities 2013.pdf

Hi Matthew-
Tom Cohenour the City of Palmer Public Works Director forwarded your email to me.

Attached is the 2013 fee schedule for the City of Palmer utilities. [redacted] The big difference is the monthly meter charge for the size of the meter and commercial buildings will have larger meters.

We are currently undergoing a rate study here at the City of Palmer. If you need anything else, please let me know.

Gina Davis
Controller
Department of Finance, City of Palmer
231 W. Evergreen Ave., Palmer, AK 99645-6952
Ph: 907/761-1314 Fx: 907/745-0930

[redacted]

Utilities:	
Deposit – water and sewer (new active customers)	$ 100
Utility late fees (percentage of balanced owed)	10 %
Service call fee	$ 25
Connection/Disconnect fee for residential customers	$ 25
Door tag fee for non-payment of prior months utility bill	$ 15
Sewer/water utility connection abandonment	$ 500
Miscellaneous Repair Work – varies, contact the Department of Public Works for exact costs	

Monthly Water Rates:	
0 to 5,000 gallons (plus meter charge plus sales tax)	$ 14
Over 5,000 gallons (plus meter charge and $0.28 per 100 gallons plus sales tax)	$ 14
Monthly Wastewater Rates:	
0 to 5,000 gallons (plus sales tax)	$ 20.45
Over 5,000 galls (plus $0.409 per 100 gallons plus sales tax)	$ 20.45
Monthly meter charges:	
5/8" meter (plus sales tax)	$ 10.75
3/4" meter (plus sales tax)	$ 15.55
1" meter (plus sales tax)	$ 27.45
1 1/2" meter (plus sales tax)	$ 62.05
2" meter (plus sales tax)	$ 110
3" meter (plus sales tax)	$ 247
4" meter (plus sales tax)	$ 440
6" meter (plus sales tax)	$ 990
8" meter (plus sales tax)	$ 1,760
Hydrant Meter Connection (3" Bulk) (per month plus $.01 per gallon) (plus sales tax)	$ 261

Kodiak

Section 14	Utilities (con't.)	Inside City Limits	Outside City Limits
14.4.1.6	Bed & Breakfast/Boarding House		
14.4.1.6.1	one unit per facility/residence	62.81	75.29
14.4.1.6.2	plus, ½ unit per guest room	31.41	37.64
14.4.1.7	Churches, one unit	62.81	75.29
14.4.1.8	Construction, ½ the regular rate for the intended use of the building		
14.4.1.9	Day Care Facilities		
14.4.1.9.1	one unit per business/dwelling unit	62.81	75.29
14.4.1.9.2	plus, ¼ unit for each 5 persons or fraction thereof	15.70	18.83
14.4.1.10	[redacted]	[redacted]	75.29
14.4.1.11	Doctors Offices, Medical Clinics, Dental Offices, one unit per 6 employees or fraction thereof	62.81	75.29
14.4.1.12	Dry Cleaners, one unit per 6 employees or fraction thereof	62.81	75.29
14.4.1.13	Gas Station/Auto Repair Shop, two units per business	125.61	150.58
14.4.1.14	Hospital/Major Care Center, one unit per bed	62.81	75.29
14.4.1.15	[redacted]/Motel 84/2 = 42		
14.4.1.15.1	[redacted]	[redacted]	37.64
14.4.1.15.2	¾ unit per guest room with cooking facilities	47.10	56.47
14.4.1.16	Industrial, one unit per 6 employees or fraction thereof (includes seafood processors)	62.81	75.29
14.4.1.17	Laundries/Bath Houses, ¾ unit per washing machine/ shower stall	47.10	56.47
14.4.1.18	Meats or Produce/Grocery Stores, one unit per 6 employees or fraction thereof	62.81	75.29
14.4.1.19	Museums, one unit per dwelling	62.81	75.29
14.4.1.20	Office/Retail, one unit per 6 employees or fraction thereof	62.81	75.29
14.4.1.21	Powerhouses, one unit per 6 employees or fraction thereof	62.81	75.29
14.4.1.22	Residential, one unit per dwelling unit *(No additional charge for home-based office/retail use.)*	62.81	75.29
14.4.1.23	Rest Home, Long-Term Care, one unit per 2 beds or fraction thereof	62.81	75.29
14.4.1.24	Schools, one unit per 20 persons in daily attendance, including staff	62.81	75.29
14.4.1.25	Senior Citizens, ½ unit (primary residence)	31.41	37.64
14.4.1.26	Vacant rate for Sanitary Sewer, per month	one half the regular rate for the intended use of the building	
14.4.1.26.1	Vacant rate noncompliance fee	195.05	195.05
14.4.1.27	Warehouse, one unit per 6 employees or fraction thereof	62.81	75.29
14.4.2	Dump fee *All dumping is to be in accordance with a license which must be obtained from the City of Kodiak prior to dumping waste into the City sewer system.*		
14.4.2.1	Disposal of domestic sewage sludge of not more than seven percent dry solids (7% DS) per gallon	0.32	0.32
14.4.2.2	Disposal fee per gallon of septic tank and portable toilet wastewater	0.23	0.23

Kodiak

Section 14	Utilities (con't.)	Inside City Limits	Outside City Limits
14.5	Water Utility		
	Note: The water fee for a use not specified will be established by the Public Works Department, based on a specified use which characteristics are the most similar to those of the unspecified use.		
	Water service lines shall be equal to or larger than the meter. Metered rates are available only for the listed sizes and indicated services, and utilize the applicable flat rate plus the metered rate.		
14.5.1	Metered water usage		
14.5.1.1	Flat rate, per month		
14.5.1.1.2	[redacted]	[redacted]	65.59
14.5.1.1.3	3-inch meter	102.42	122.96
14.5.1.1.4	4-inch meter	170.54	204.76
14.5.1.1.5	6-inch meter	341.23	409.53
14.5.1.1.6	8-inch meter	546.17	655.35
14.5.1.7	[redacted]		
14.5.1.7.1	[redacted]	[redacted]	2.26
14.5.1.7.2	Industrial	1.39	1.65
14.5.1.7.3	Wholesale	1.47	1.69
14.5.2	Unmetered water usage, per month		
14.5.2.1	Apartments, per dwelling unit	39.51	47.49
14.5.2.2	Auditorium/Theater, per facility	43.84	52.60
14.5.2.3	Bakery, per business	43.84	52.60
14.5.2.4	Bars, per business	159.10	190.81
14.5.2.5	Beauty Shops/Barbershops/Animal Grooming		
14.5.2.5.1	per business/dwelling unit	43.84	52.60
14.5.2.5.2	plus, per operator chair/tub	21.93	26.30
14.5.2.6	Bed & Breakfast/Boarding House		
14.5.2.6.1	per dwelling unit	43.84	52.60
14.5.2.6.2	plus, per each guest room	21.93	26.30
14.5.2.7	Churches, per facility	43.84	52.80
14.5.2.8	Construction, ½ the regular rate for the intended use of the building		
14.5.2.9	Day Care Facilities		
14.5.2.9.1	per business/dwelling unit	43.84	52.60
14.5.2.9.2	plus, for each 5 persons or fraction thereof	10.96	13.15
14.5.2.10	Dining Facility/Cafe	159.10	190.81
14.5.2.11	Doctors Office, Medical Clinics, Dental Offices		
14.5.2.11.1	per business	43.84	52.60
14.5.2.11.2	plus, per exam room or dentist's chair	21.93	26.30
14.5.2.12	Dry Cleaners	159.10	190.81
14.5.2.13	Gas Stations/Auto Repair Shops	159.10	190.81
14.5.2.14	Hospital/Major Care Center, per bed, or applicable metered rate	43.84	52.60
14.5.2.15	Hotels/Motels		
14.5.2.15.1	per guest room without cooking facilities	21.93	26.30
14.5.2.15.2	per guest room with cooking facilities	32.93	39.43
14.5.2.16	Laundries and Bath Houses	274.17	329.02
14.5.2.17	Meats or Produce/Grocery Stores	159.10	190.81
14.5.2.18	Museums	43.84	52.60
14.5.2.19	Office/Retail, per business	43.84	52.60
14.5.2.20	Powerhouses	274.17	329.02

It should be noted that changes to the timing of particular projects listed in the CIP and/or the ability of the City to obtain alternative sources of funding could impact the rate increases estimated in this analysis. Alternative rate increase strategies could be explored to smooth increases over the entire planning period, or achieve other objectives.

Rate Comparison

Exhibit 9 presents water and sewer rate comparison for Kenai and other communities in Alaska. Information for other communities is for adopted rates as of 2010 and was obtained from each city's website. For this comparison, it was assumed the average monthly water consumption was 7,500 gallons per month. Currently, Kenai has the lowest monthly water rate at $13.78 per month. Only Soldotna and Palmer have a lower combined water and sewer rate than Kenai.

Community	Monthly Water Bill	Monthly Sewer Bill	Combined Monthly Bill	% Difference from Kenai
Kenai	$13.78	$40.35	$54.13	NA
Kodiak	$37.58	$54.55	$92.13	70%
Anchorage	$40.04	$29.26	$69.30	28%
Juneau	$23.08	$56.01	$79.07	46%
Cordova	$29.58	$38.95	$68.53	27%
Soldotna	$19.56	$28.50	$48.05	-11%
Palmer	$19.88	$27.75	$47.63	-12%
Seward	$49.19	$77.20	$126.38	133%
Homer	$56.50	$92.75	$149.25	176%

Notes:
1) All rates as of 2010. Rates verified via internet search.
2) For metered accounts, assumed average monthly water consumption of 1,000 cubic feet (7,500 gallons)

It should be noted that direct bill comparisons between communities are difficult because of differing system requirements (i.e. filtered system vs. unfiltered), policy decisions, tax structures, and usage levels for the various utilities. Seasonality and pricing structures also drive different usage levels. Finally, future rate increases of other communities are not known at this time, which makes comparisons of future water and sewer rates difficult.

Office of the City Clerk

Jo Johnson, CMC, City Clerk

Melissa Jacobsen, CMC, Deputy City Clerk II
Renee Krause, CMC, Deputy City Clerk I

491 E. Pioneer Avenue
Homer, Alaska 99603-7624
(907) 235-3130

(907) 235-8121
Extension: 2227
Extension: 2224

Fax: (907) 235-3143
Email: clerk@ci.homer.ak.us

MEMORANDUM

TO: WATER AND SEWER RATE TASK FORCE

FROM: RENEE KRAUSE, CMC, DEPUTY CITY CLERK

DATE: JANUARY 31, 2013

SUBJECT: PUBLIC COMMENTS SUBMITTED OR RECEIVED

BACKGROUND

The following information was received at the January 22, 2013 Water and Sewer Rate Task Force meeting during the Public Hearing portion of the meeting. Members present were provided a copy of the information.

RECOMMENDATION

Informational Only. No Action Required.

Waste Water Lift Sation PW Maintenance Costs
1/1/2012 - 12/1/2012

Equip No.	Location	Labor Hrs	Labor Cost	Materials Cost	Total Cost	
L000	All	35	$ 142.24	$ -	$ 177.24	
L1SP	STP	0	$ -	$ -	$ -	MAINTAINED BY STP PERSONNEL
L2BL	Beluga Lake	122	$ 5,766.85	$ 18,553.81	$ 24,442.66	
L3BA	Bay Ave	48.5	$ 2,292.48	$ 19.50	$ 2,360.48	
L6KK	Kachemak City	44.5	$ 1,829.22	$ 219.86	$ 2,093.58	
L7ST	Spit Campground	82.5	$ 3,369.26	$ 9,402.59	$ 12,854.35	
L8ST	Spit Launch Ramp	147.5	$ 5,853.46	$ 276.16	$ 6,277.12	
L9ST	Spit 30 Acres	38.5	$ 1,531.91	$ -	$ 1,570.41	
L12KD	Kachemak Drive	8	$ 289.16	$ -	$ 297.16	New station on line August 2012
		526.5	$ 21,074.58	$ 28,471.92	$ ~~50,073.00~~	
					$ 45,144.54	Spit & Beluga Lift Stations

Note: This report does not contain the following items.

	Budget Amount
Electricity	$ 17,000.00
Maintenance light vehicles	
Maintenance Heavy equipment	
Emergency Gens Sets required	
GF Overhead Costs	
Depreciation costs	
CAPITAL EQUIP.	
Admin costs	

This represents only maintenance costs for 2012 does not include operations costs

Corey Meyer
399-7232

NARRATIVE

SEWER FUND - SEWER PUMPS/LIFT STATION

Provides for the operation and maintenance of the eleven lift stations on the sewer collection system. This includes wet well wash down, routine pumping system operation monitoring and repair as necessary. The Unit has programmed replacement of older stations to minimize maintenance costs and reduce power requirements.

Flow conditions at lift stations are monitored utilizing land line telemetry whenever possible reducing the need for site visits and to allow for timely remote determination of any problems before sewer service is lost. All sewer lift station maintenance personnel are state certified.

FUND 200
503 - SEWER PUMPS/LIFT STATION

		FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted Budget	FY 2012 Amended Budget	FY 2013 Adopted Budget	Difference Between 2012 Amended & 2013 Adopted Budget	
	Salaries and Benefits								
5101	Regular Employees	$ 81,950	$ 87,286	$ 78,407	$ 78,317	$ 78,317	$ 79,088	772	0.99%
5102	Fringe Benefits	57,229	58,216	51,460	47,769	47,769	51,039	3,270	6.85%
5102	PERS Revenue Offset	-	-	-			9,087	9,087	100.00%
5103	P/T Employees	-	-	-			-	-	0.00%
5105	Overtime	4,385	3,608	7,052	1,700	1,700	1,700	-	0.00%
	Total Salaries and Benefits	**143,565**	**149,109**	**136,919**	**127,785**	**127,785**	**140,915**	**13,129**	**10.27%**
	Maintenance and Operations								
5202	Operating Supplies	7,170	9,323	6,317	10,500	10,500	10,500	-	0.00%
5208	Equipment Maintenance	4,246	7,540	8,944	7,000	7,000	7,000	-	0.00%
5209	Building & Grounds Maintenance	1,278	2,745	11	2,000	2,000	2,000	-	0.00%
5217	Electricity	31,319	48,704	13,687	16,500	16,500	20,000	3,500	21.21%
5231	Tools/Equipment	1,644	1,500	1,761	1,500	1,500	1,500	-	0.00%
	Total Maintenance and Operatior	**45,658**	**69,811**	**30,721**	**37,500**	**37,500**	**41,000**	**3,500**	**9.33%**
	Total	**$ 189,223**	**$ 218,921**	**$ 167,640**	**$ 165,285**	**$ 165,285**	**$ 181,915**	**16,629**	**10.06%**
	Staffing History	**1.60**	**1.45**	**1.45**	**1.45**	**1.45**			

LINE - ITEM EXPLANATIONS:

5217 - Increase due to new Kachemak Drive Lift Station on line.

Account Number Explanations: See "Appendix" Tab

City of Homer
2012 Operating Budget

NARRATIVE

SEWER FUND - SEWER PUMPS/LIFT STATION

Provides for the operation and maintenance of the seven lift stations on the sewer collection system. This includes wet well wash down, routine pumping system operation monitoring and repair as necessary. The Unit has programmed replacement of older stations to minimize maintenance costs and reduce power requirements.

Flow conditions at lift stations are monitored utilizing land line telemetry whenever possible reducing the need for site visits and to allow for timely remote determination of any problems before sewer service is lost. All sewer lift station maintenance personnel are state certified.

FUND 200
503 - SEWER PUMPS/LIFT STATION

		FY 2009 Actual	FY 2010 Actual	FY 2011 Amended Budget	FY 2012 Adopted Budget	Difference Between 2011 Amended & 2012 Adopted Budget	
	Salaries and Benefits						
5101	Regular Employees	$ 81,950	$ 87,286	$ 81,736	$ 78,317	(3,419)	-4.18%
5102	Fringe Benefits	57,229	58,216	49,030	47,769	(1,261)	-2.57%
5103	P/T Employees	-	-	-	-	-	0.00%
5105	Overtime	4,385	3,608	1,700	1,700	-	0.00%
	Total Salaries and Benefits	143,565	149,109	132,466	127,785	(4,681)	-3.53%
	Maintenance and Operations						
5202	Operating Supplies	7,170	9,323	8,000	10,500	2,500	31.25%
5208	Equipment Maintenance	4,246	7,540	7,000	7,000	-	0.00%
5209	Building & Grounds Maintenance	1,278	2,745	2,000	2,000	-	0.00%
5217	Electricity	31,319	48,704	16,500	16,500	-	0.00%
5231	Tools/Equipment	1,644	1,500	1,500	1,500	-	0.00%
	Total Maintenance and Operatior	45,658	69,811	35,000	37,500	2,500	7.14%
	Total	$ 189,223	$ 218,921	$ 167,466	$ 165,285	(2,181)	-1.30%
	Staffing History	1.60	1.45	1.45	1.45		

LINE - ITEM EXPLANATIONS:

5202 - Increase due to purchase of wet well degreaser

Account Number Explanations: See "Appendix" Tab

WASTE WATER LIFT STATIONS

Equipment No.	Description	Equipment Type	Location
L000	ALL SEWER LIFT STATIONS	SLFT	CITY OF HOMER
L10ST	STEP SYSTEM @ 2196 HOMER SPIT ROAD	SLFT	2196 HOMER SPIT ROAD
L11ST	STEP SYSTEM @ 2664 HOMER SPIT ROAD	SLFT	2664 HOMER SPIT ROAD
L12KD	SEWER LIFT STATION - KACHEMAK DRIVE	SLFT	KACHEMAK DRIVE
L1SP	SEWER LIFT STATION - STP	SLFT	Sewer Treatment Plant
L2BL	SEWER LIFT STATION-BELUGA LAKE	SLFT	3405 LAKE ST.
L3BA	SEWER LIFT STATION - BAY AVE	SLFT	BAY AVE & E ST
L5ST	PUMP STATION - SPIT OUTFALL	SLFT	820 FISH DOCK ROAD
L6KK	SEWER LIFT STATION - KACHEMAK CITY	SLFT	KACHEMAK CITY
L7ST	SPIT CAMPGROUND SEWER LIFT STATION	SLFT	SPIT ROAD @ SPIT CAMPGROUND
L8ST	LAUNCH RAMP LIFT STATION	SLFT	SPIT ROAD @ LAUNCH RAMP RD.
L9ST	SPIT 30 ACRE LIFT STATION	SLFT	FREIGHT DOCK RD.

LIFT STATIONS ALL- MISC WORK - WORK ORDER HISTORY - 2012

WO Type	SCHED	**Telephone No.**	
Assigned By		**Extension**	
Assigned To		**Request Date**	11/30/2012 11:01:01
Scheduled Start Date	12/6/2012	**Completion Date**	12/3/2012
Scheduled Finish Date	12/6/2012	**Completion Time**	10:33:41
Est. Duration (days)		**Tenant**	
Actual Duration (days)	1.00		
Priority	2.00	**Employee Labor Hours**	0.50
Perform by Warranty	N	**Contract Labor Hours**	0.00
Expense Class	5202	**Total Labor Hours**	0.50
Response Time (Days)	0.00	**Employee Labor Cost**	$27.72
Response Time (Hours)	0.00	**Contract Labor Cost**	$0.00
Response Time (Minutes)	0.00	**Material Cost**	$0.00
Project ID		**Work Order Total Cost**	$27.72
Project Task			
Delay Description			

Equipment No.	L000		
Equipment Description	ALL SEWER LIFT STATIONS		
Location	CITY OF HOMER	**Must Be Down**	No
Sub-location 1 -		**Estimated Down Time**	
Sub-location 2 -		**Down Time**	
Sub-location 3 -		**Reason for Outage**	

Comments

Employee Code	Equipment No.	Work Date	Last Name	Regular Hours	Overtime Hours
PW51	L000	11/1/12 - 12/1/12 WORK COMPLETED DOES NOT INCLUDE ELECTRIC TOOLS	OCINSKI	0.50	

Total Down Time	0.00
Employee Labor Hours	3.50
Contract Labor Hours	0.00
Total Labor Hours	3.50
Employee Labor Cost	$142.24
Contract Labor Cost	$0.00
Total Materials Cost	$0.00
Grand Total	$142.24

Equipment No. L7ST
Equipment Description SPIT CAMPGROUND SEWER LIFT STATION
Location SPIT ROAD @ SPIT CAMPGROUND
Sub-location 1 -
Sub-location 2 -
Sub-location 3 -
Must Be Down No
Estimated Down Time
Down Time
Reason for Outage

Comments

Equipment No. L8ST
Equipment Description LAUNCH RAMP LIFT STATION
Location SPIT ROAD @ LAUNCH RAMP RD.
Sub-location 1 -
Sub-location 2 -
Sub-location 3 -
Must Be Down No
Estimated Down Time
Down Time
Reason for Outage

Comments

Equipment No. L9ST
Equipment Description SPIT 30 ACRE LIFT STATION
Location FREIGHT DOCK RD.
Sub-location 1 -
Sub-location 2 -
Sub-location 3 -
Must Be Down No
Estimated Down Time
Down Time
Reason for Outage

Comments

Employee Code	Equipment No.	Work Date	First Name	Last Name	Regular Hours	Overtime Hours
PW51	L12KD	11/26/2012	MIKE	SZOCINSKI	1.00	

Total Down Time	0.00
Total Employee Labor Hours	122.00
Total Contract Labor Hours	0.00
Total Labor Hours	122.00
Total Employee Labor Cost	$5,766.85
Total Contract Labor Cost	$0.00
Total Materials Cost	$18,553.81
Grand Total	$24,320.66

Equipment No. L8ST
Equipment Description LAUNCH RAMP LIFT STATION
Location SPIT ROAD @ LAUNCH RAMP RD.
Sub-location 1 -
Sub-location 2 -
Sub-location 3 -

Must Be Down No
Estimated Down Time
Down Time
Reason for Outage

Comments

Equipment No. L9ST
Equipment Description SPIT 30 ACRE LIFT STATION
Location FREIGHT DOCK RD.
Sub-location 1 -
Sub-location 2 -
Sub-location 3 -

Must Be Down No
Estimated Down Time
Down Time
Reason for Outage

Comments

Employee Code	Equipment No.	Work Date	First Name	Last Name	Regular Hours	Overtime Hours
PW51	L12KD	11/26/2012	MIKE	SZOCINSKI	1.00	

Total Down Time	0.00
Total Employee Labor Hours	48.50
Total Contract Labor Hours	0.00
Total Labor Hours	48.50
Total Employee Labor Cost	$2,292.48
Total Contract Labor Cost	$0.00
Total Materials Cost	$19.50
Grand Total	$2,311.98

KACHEMAK CITY LIFT STATION - WORK ORDER HISTORY - 2012

Equipment No. L9ST
Equipment Description SPIT 30 ACRE LIFT STATION
Location FREIGHT DOCK RD.
Sub-location 1 -
Sub-location 2 -
Sub-location 3 -

Must Be Down No
Estimated Down Time
Down Time
Reason for Outage

Comments

Employee Code	Equipment No.	Work Date	First Name	Last Name	Regular Hours	Overtime Hours
PW51	L12KD	11/26/2012	MIKE	SZOCINSKI	1.00	

Total Down Time	0.00
Total Employee Labor Hours	44.50
Total Contract Labor Hours	0.00
Total Labor Hours	44.50
Total Employee Labor Cost	$1,829.22
Total Contract Labor Cost	$0.00
Total Materials Cost	$219.86
Grand Total	$2,049.08

Equipment No. L5ST
Equipment Description PUMP STATION - SPIT OUTFALL
Location 820 FISH DOCK ROAD
Sub-location 1 -
Sub-location 2 -
Sub-location 3 -
Must Be Down No
Estimated Down Time
Down Time
Reason for Outage

Comments

Equipment No. L6KK
Equipment Description SEWER LIFT STATION - KACHEMAK CITY
Location KACHEMAK CITY
Sub-location 1 -
Sub-location 2 -
Sub-location 3 -
Must Be Down No
Estimated Down Time
Down Time
Reason for Outage

Comments

Equipment No. L7ST
Equipment Description SPIT CAMPGROUND SEWER LIFT STATION
Location SPIT ROAD @ SPIT CAMPGROUND
Sub-location 1 -
Sub-location 2 -
Sub-location 3 -
Must Be Down No
Estimated Down Time
Down Time
Reason for Outage

Comments

Equipment No. L8ST
Equipment Description LAUNCH RAMP LIFT STATION
Location SPIT ROAD @ LAUNCH RAMP RD.
Sub-location 1 -
Sub-location 2 -
Sub-location 3 -
Must Be Down No
Estimated Down Time
Down Time
Reason for Outage

Comments

Equipment No. L9ST
Equipment Description SPIT 30 ACRE LIFT STATION
Location FREIGHT DOCK RD.
Sub-location 1 -
Sub-location 2 -
Sub-location 3 -
Must Be Down No
Estimated Down Time
Down Time
Reason for Outage

Comments

Employee Code	Equipment No.	Work Date	First Name	Last Name	Regular Hours	Overtime Hours
PW51	L12KD	11/26/2012	MIKE	SZOCINSKI	1.00	

Total Down Time 0.00
Total Employee Labor Hours 82.50
Total Contract Labor Hours 0.00
Total Labor Hours 82.50
Total Employee Labor Cost $3,369.26
Total Contract Labor Cost $0.00
Total Materials Cost $9,402.59

Grand Total $12,771.85

Employee Code	Equipment No.	Work Date	First Name	Last Name	Regular Hours	Overtime Hours
PW37	L8ST	12/3/2012	JACOB	TESCH	2.00	
PW51	L8ST	12/3/2012	MIKE	SZOCINSKI	2.00	

Total Down Time	0.00
Total Employee Labor Hours	147.50
Total Contract Labor Hours	0.00
Total Labor Hours	147.50
Total Employee Labor Cost	$5,853.46
Total Contract Labor Cost	$0.00
Total Materials Cost	$276.16
Grand Total	$6,129.62

Equipment No. L6KK
Equipment Description SEWER LIFT STATION - KACHEMAK CITY
Location KACHEMAK CITY
Sub-location 1 -
Sub-location 2 -
Sub-location 3 -
Must Be Down No
Estimated Down Time
Down Time
Reason for Outage

Comments

Equipment No. L7ST
Equipment Description SPIT CAMPGROUND SEWER LIFT STATION
Location SPIT ROAD @ SPIT CAMPGROUND
Sub-location 1 -
Sub-location 2 -
Sub-location 3 -
Must Be Down No
Estimated Down Time
Down Time
Reason for Outage

Comments

Equipment No. L8ST
Equipment Description LAUNCH RAMP LIFT STATION
Location SPIT ROAD @ LAUNCH RAMP RD.
Sub-location 1 -
Sub-location 2 -
Sub-location 3 -
Must Be Down No
Estimated Down Time
Down Time
Reason for Outage

Comments

Equipment No. L9ST
Equipment Description SPIT 30 ACRE LIFT STATION
Location FREIGHT DOCK RD.
Sub-location 1 -
Sub-location 2 -
Sub-location 3 -
Must Be Down No
Estimated Down Time
Down Time
Reason for Outage

Comments

Employee Code	Equipment No.	Work Date	First Name	Last Name	Regular Hours	Overtime Hours
PW51	L12KD	11/26/2012	MIKE	SZOCINSKI	1.00	

Total Down Time 0.00
Total Employee Labor Hours 8.00
Total Contract Labor Hours 0.00
Total Labor Hours 8.00
Total Employee Labor Cost $289.16
Total Contract Labor Cost $0.00
Total Materials Cost $0.00
Grand Total $289.16

Equipment No. L8ST
Equipment Description LAUNCH RAMP LIFT STATION
Location SPIT ROAD @ LAUNCH RAMP RD.
Sub-location 1 -
Sub-location 2 -
Sub-location 3 -

Must Be Down No
Estimated Down Time
Down Time
Reason for Outage

Comments

Equipment No. L9ST
Equipment Description SPIT 30 ACRE LIFT STATION
Location FREIGHT DOCK RD.
Sub-location 1 -
Sub-location 2 -
Sub-location 3 -

Must Be Down No
Estimated Down Time
Down Time
Reason for Outage

Comments

Employee Code	Equipment No.	Work Date	First Name	Last Name	Regular Hours	Overtime Hours
PW51	L12KD	11/26/2012	MIKE	SZOCINSKI	1.00	

Total Down Time	0.00
Total Employee Labor Hours	38.50
Total Contract Labor Hours	0.00
Total Labor Hours	38.50
Total Employee Labor Cost	$1,531.91
Total Contract Labor Cost	$0.00
Total Materials Cost	$0.00
Grand Total	$1,531.91

WASTE WATER LIFT STATIONS SCHEDULED PMI'S

CITY OF HOMER

12/17/2012 Page 1

Equipment No.	L000 ALL SEWER LIFT STATIONS		
Serial No.		Site	PWD
Model No.		Equipment Type	SLFT
Location	CITY OF HOMER	Person Responsible	
Sub-location 1		Priority	
Sub-location 2		Operating Status	
Sub-location 3		In Service	Yes

Manufacturer		General Ledger No.	300
Vendor ID		Asset No.	
Vendor Branch		Service Contract No.	
Cost Center	503	User-defined Field 1	
Department	SEWER	User-defined Field 2	
Purchase Date	11/1/1994	User-defined Field 3	
Startup Date	11/1/1994	User-defined Field 4	
Warranty Expiration Date		User-defined Field 5	
Life (months)		User-defined Field 6	
Original Cost		User-defined Field 7	
Replacement Cost		User-defined Field 8	
Employee Labor Cost	$17,901.02	User-defined Field 9	
Vendor Labor Cost	$0.00	User-defined Field 10	
Material Cost	$5,710.30		
Spare-parts Code			

0001-3	HAND ROTATE IMPELLAR SHAFTS ON ALL SEWER LIFT PUMPS IN STOCK	SCHED	2.00	Yes	5202	No

SCHEDULED PM'S

DOES NOT INCLUDE

REPAIRS.

WASTE WATER LIFT STATIONS SCHEDULED PMI'S

CITY OF HOMER

Equipment No.	L1SP SEWER LIFT STATION - STP		
Serial No.	L001	Site	PWD
Model No.		Equipment Type	SLFT
Location	Sewer Treatment Plant	Person Responsible	
Sub-location 1		Priority	
Sub-location 2		Operating Status	
Sub-location 3		In Service	Yes

Manufacturer		General Ledger No.	300
Vendor ID	A019	Asset No.	
Vendor Branch	A019	Service Contract No.	
Cost Center	501	User-defined Field 1	
Department		User-defined Field 2	
Purchase Date	1/1/1987	User-defined Field 3	
Startup Date	5/15/1987	User-defined Field 4	
Warranty Expiration Date		User-defined Field 5	
Life (months)	1,200.00	User-defined Field 6	
Original Cost	$229,197.67	User-defined Field 7	
Replacement Cost	$250,000.00	User-defined Field 8	
Employee Labor Cost	$2,366.40	User-defined Field 9	
Vendor Labor Cost		User-defined Field 10	
Material Cost	$301.42		
Spare-parts Code			

Station on line 4/1989

Hydromatic Variable Speed Pumps

Pump Horsepower	4 pumps @10hp each
Model No.	S4LX
Average GPM	15-450 variable
Voltage	480 3-phase
Amperage	5-21
RPM	85-1150

WASTE WATER LIFT STATIONS SCHEDULED PMI'S

CITY OF HOMER

Equipment No.	L2BL SEWER LIFT STATION-BELUGA LAKE		
Serial No.	L002	Site	PWD
Model No.	HEA METER #100224	Equipment Type	SLFT
Location	3405 LAKE ST.	Person Responsible	
Sub-location 1		Priority	
Sub-location 2		Operating Status	
Sub-location 3		In Service	Yes

Manufacturer		General Ledger No.	300
Vendor ID	V083	Asset No.	
Vendor Branch	V083	Service Contract No.	235-6188
Cost Center	503	User-defined Field 1	
Department		User-defined Field 2	
Purchase Date	1/1/1972	User-defined Field 3	235-6188
Startup Date	1/1/1972	User-defined Field 4	
Warranty Expiration Date		User-defined Field 5	
Life (months)		User-defined Field 6	
Original Cost		User-defined Field 7	
Replacement Cost		User-defined Field 8	
Employee Labor Cost	$47,117.27	User-defined Field 9	
Vendor Labor Cost	$0.00	User-defined Field 10	
Material Cost	$28,128.44		
Spare-parts Code			

1501	CLEANING. USING HYDRAULIC JET, WASH AND PUMP DOWN STATION.	SCHED	2.00	Yes	5208	No
L2BL-01	MONTHLY OPERATIONAL INSPECTION OF BELUGA LAKE LIFT STATION.	SCHED	2.00	Yes	5208	No
L2BL-03	ANNUAL CHARCOAL FILTER REPLACEMENT	SCHED	3.00	Yes	5202	No
SENS-01	REPLACE SENSAPHONE BATTERIES	SCHED	2.00	Yes	5202	Yes
SWRLFT-01	CHECK ALL AUTO DIALERS ON LIFT STATIONS	SCHED	2.00	Yes	5208	Yes

STATION COMPLETELY REPLACED 10/2000.

NEW PUMPS PURCHASED 06/2012 - $18,538.00
NEW PUMPS INSTALLED 08/09/2012

ALASKA PUMP & SUPPLY
(2)FLYGT NP3127.090-2836 MT
..438 IMPELLER
..10HP 230V/3PH 1745RPM 13FLA
..4"SUCTION/DISCHARGE
(1) MIX VALVE P/N 5565101

WASTE WATER LIFT STATIONS SCHEDULED PMI'S

CITY OF HOMER

Equipment No.	L3BA SEWER LIFT STATION - BAY AVE		
Serial No.		Site	PWD
Model No.	HEA METER #2001996	Equipment Type	SLFT
Location	BAY AVE & E ST	Person Responsible	
Sub-location 1	-	Priority	
Sub-location 2	-	Operating Status	
Sub-location 3	-	In Service	Yes

Manufacturer		General Ledger No.	300
Vendor ID	V083	Asset No.	
Vendor Branch	V083	Service Contract No.	235-7445
Cost Center	503	User-defined Field 1	
Department		User-defined Field 2	
Purchase Date	1/1/1979	User-defined Field 3	
Startup Date	1/1/1979	User-defined Field 4	
Warranty Expiration Date		User-defined Field 5	
Life (months)		User-defined Field 6	
Original Cost		User-defined Field 7	
Replacement Cost		User-defined Field 8	
Employee Labor Cost	$7,988.56	User-defined Field 9	
Vendor Labor Cost	$0.00	User-defined Field 10	
Material Cost	$341.02		
Spare-parts Code			

1501	CLEANING. USING HYDRAULIC JET, WASH AND PUMP DOWN STATION.	SCHED	2.00	Yes	5208	No
L3BA-01	OPERATIONAL INSPECTION OF BAY AVE. LIFT STATION.	SCHED	2.00	Yes	5208	No
SENS-01	REPLACE SENSAPHONE BATTERIES	SCHED	2.00	Yes	5202	Yes
SWRLFT-01	CHECK ALL AUTO DIALERS ON LIFT STATIONS	SCHED	2.00	Yes	5208	Yes

WASTE WATER LIFT STATIONS SCHEDULED PMI'S

CITY OF HOMER

Equipment No.	L5ST PUMP STATION - SPIT OUTFALL		
Serial No.	PH# 235-2212	Site	PWD
Model No.	ELEC SERVICE FROM ICE HOUSE	Equipment Type	SLFT
Location	820 FISH DOCK ROAD	Person Responsible	
Sub-location 1		Priority	
Sub-location 2		Operating Status	
Sub-location 3		In Service	Yes

Manufacturer		General Ledger No.	400
Vendor ID		Asset No.	
Vendor Branch		Service Contract No.	
Cost Center	605	User-defined Field 1	
Department		User-defined Field 2	
Purchase Date	1/1/1990	User-defined Field 3	
Startup Date	1/1/1990	User-defined Field 4	
Warranty Expiration Date		User-defined Field 5	
Life (months)		User-defined Field 6	
Original Cost		User-defined Field 7	
Replacement Cost		User-defined Field 8	
Employee Labor Cost	$51,596.36	User-defined Field 9	
Vendor Labor Cost	$0.00	User-defined Field 10	
Material Cost	$12,097.95		
Spare-parts Code			

L5ST-01	FISH OUTFALL STATION WET WELL PERIODIC SERVICE - ANNUAL	SCHED	2.00	Yes	5208	No
L5ST-02	OPERATIONAL INSTRUCTION ON FISH OUTFALL PUMP STATION	SCHED	2.00	Yes	5208	No
SWRLFT-01	CHECK ALL AUTO DIALERS ON LIFT STATIONS	SCHED	2.00	Yes	5208	Yes

HYDROMATIC PUMPS - 15HP S/N 3-3691 & 3-3692
S6LX1500JB
MODEL 36LX
460V, 3-PH, 60 HERTZ, 1150 RPM
810 GPM
TDH: 35FT
6" DISCHARGE
3¼" SHERICAL SOLIDS

WASTE WATER LIFT STATIONS SCHEDULED PMI'S

CITY OF HOMER

Equipment No.	L6KK SEWER LIFT STATION - KACHEMAK CITY		
Serial No.		Site	PWD
Model No.	HEA Meter# 1001232	Equipment Type	SLFT
Location	KACHEMAK CITY	Person Responsible	
Sub-location 1		Priority	
Sub-location 2		Operating Status	
Sub-location 3		In Service	Yes

Manufacturer		General Ledger No.	300
Vendor ID		Asset No.	
Vendor Branch		Service Contract No.	235-4316
Cost Center	503	User-defined Field 1	DUPLEX
Department		User-defined Field 2	
Purchase Date	9/1/1990	User-defined Field 3	235-4316
Startup Date	9/1/1990	User-defined Field 4	
Warranty Expiration Date		User-defined Field 5	
Life (months)	1,200.00	User-defined Field 6	
Original Cost	$82,750.00	User-defined Field 7	
Replacement Cost		User-defined Field 8	
Employee Labor Cost	$80,036.60	User-defined Field 9	
Vendor Labor Cost	$0.00	User-defined Field 10	
Material Cost	$23,139.24		
Spare-parts Code			

0301-3	OPERATIONAL INSPECTION OF KACHEMAK CITY LIFT STATION.	SCHED	2.00	Yes	5208	No
1501-1	CLEANING, USING HYDRAULIC JET WASH AND PUMP DOWN STATION.	SCHED	2.00	Yes	5208	No
SENS-01	REPLACE SENSAPHONE BATTERIES	SCHED	2.00	Yes	5202	Yes
SWRLFT-01	CHECK ALL AUTO DIALERS ON LIFT STATIONS	SCHED	2.00	Yes	5208	Yes

SENSAPHONE SERIAL NO.

Station on line 1990 - Flygt Pumps

Pump Horsepower 10hp
Pump 1
Pump 2
Model No. CP-3127090.090
Serial No. 832BA-00729
Impeller No. 467
Average GPM 150
#ftTDH 87
Voltage 230/460 - 3phase
Amperage 13/25
RPM 1750

WASTE WATER LIFT STATIONS SCHEDULED PMI'S

CITY OF HOMER

Equipment No.	L7ST SPIT CAMPGROUND SEWER LIFT STATION		
Serial No.		Site	PWD
Model No.	HEA METER #1001230	Equipment Type	SLFT
Location	SPIT ROAD @ SPIT CAMPGROUND	Person Responsible	
Sub-location 1		Priority	
Sub-location 2		Operating Status	
Sub-location 3		In Service	Yes

Manufacturer		General Ledger No.	300
Vendor ID		Asset No.	
Vendor Branch		Service Contract No.	235-2117
Cost Center	503	User-defined Field 1	DUPLEX
Department		User-defined Field 2	
Purchase Date	6/1/1990	User-defined Field 3	235-2117
Startup Date	6/1/1990	User-defined Field 4	
Warranty Expiration Date	6/1/1995	User-defined Field 5	
Life (months)	1,200.00	User-defined Field 6	
Original Cost	$54,800.00	User-defined Field 7	
Replacement Cost		User-defined Field 8	
Employee Labor Cost	$103,678.02	User-defined Field 9	
Vendor Labor Cost	$0.00	User-defined Field 10	
Material Cost	$71,759.27		
Spare-parts Code			

0301-4	OPERATIONAL INSPECTION OF SPIT CAMPGROUND.	SCHED	2.00	Yes	5208	No
05YR-1	REBUILD/REPLACE MUFFIN MONSTER UNIT @ 5YR/50,000 HR.	SCHED	2.00	Yes	5208	No
05YR-3	REBUILD MUFFIN MONSTER GEAR REDUCTION	SCHED	2.00	Yes	5208	No
1501-1	CLEANING, USING HYDRAULIC JET WASH AND PUMP DOWN STATION.	SCHED	2.00	Yes	5208	No
SENS-01	REPLACE SENSAPHONE BATTERIES	SCHED	2.00	Yes	5202	Yes
SWRLFT-01	CHECK ALL AUTO DIALERS ON LIFT STATIONS	SCHED	2.00	Yes	5208	Yes

SENSAPHONE SERIAL NO. 715BA-00033

Station on line 1990 - Flygt Pumps

Pump Horsepower 5hp
Pump 1 8940033 Manufactured 1988
Pump 2 8940034 Manufactured 1998
Model No. CP3102.090
Serial No. 715BA-00033
Impeller No. 432
Average GPM 125
#ft TDH 43
Voltage 208-3 phase
Amperage 15
RPM 1700

October 2002 - Installed Muffin Monster, Cost: $26,475.00 + Installation Costs
Purchased from:
JWC Environmental
ATT. APSCO, Inc.,
2600 S. Garnsey,
Santa Ana, CA 92707

WASTE WATER LIFT STATIONS SCHEDULED PMI'S

CITY OF HOMER

Equipment No.	L8ST LAUNCH RAMP LIFT STATION		
Serial No.		Site	PWD
Model No.	HEA METER #200862	Equipment Type	SLFT
Location	SPIT ROAD @ LAUNCH RAMP RD.	Person Responsible	
Sub-location 1		Priority	
Sub-location 2		Operating Status	
Sub-location 3		In Service	Yes

Manufacturer		General Ledger No.	300
Vendor ID		Asset No.	
Vendor Branch		Service Contract No.	235-4318
Cost Center	503	User-defined Field 1	DUPLEX
Department		User-defined Field 2	
Purchase Date	6/1/1990	User-defined Field 3	235-4318
Startup Date	6/1/1990	User-defined Field 4	
Warranty Expiration Date	6/1/1995	User-defined Field 5	
Life (months)	1,200.00	User-defined Field 6	
Original Cost	$195,000.00	User-defined Field 7	
Replacement Cost		User-defined Field 8	
Employee Labor Cost	$132,287.54	User-defined Field 9	
Vendor Labor Cost	$0.00	User-defined Field 10	
Material Cost	$35,583.47		
Spare-parts Code			

0101-1	WEEKLY INSPECTION/CLEANING, PUMP STATION AT LAUNCH RAMP ROAD.	SCHED	2.00	Yes	5208	No
03YR	TEAR DOWN & REPLACE BEARINGS IN VENTALATION FAN	SCHED	2.00	Yes	5208	No
05YR-1	REBUILD/REPLACE MUFFIN MONSTER UNIT @ 5YR/50,000 HR.	SCHED	2.00	Yes	5208	No
05YR-2	REBUILD MUFFIN MONSTER GEAR REDUCTION	SCHED	2.00	Yes	5208	No
2601-19	ROTATE MUFFIN MONSTER FOR EVEN TOOTH WEAR.	SCHED	2.00	Yes	5208	No
5202-06	CLEANING, USING HYDRAULIC JET WSH AND PUMP DOWN STATION.	SCHED	2.00	Yes	5208	No
SENS-01	REPLACE SENSAPHONE BATTERIES	SCHED	2.00	Yes	5202	Yes
SWRLFT-01	CHECK ALL AUTO DIALERS ON LIFT STATIONS	SCHED	2.00	Yes	5208	Yes

SENSAPHONE SERIAL NO 832BA-00734

Station on line 1990 - Flygt Pumps

Pump Horsepower 23hp
Pump 1 8960073 Manufactured 1988
Pump 2 8960074 Manufactured 1988
Model No. CP-SH-3152.091
Serial No. 832BA-00734
Impeller No. 268
Average GPM 235
#ft TDH 145
Voltage 208 3-phase
Amperage 60
RPM 3500

WASTE WATER LIFT STATIONS SCHEDULED PMI'S

CITY OF HOMER

Equipment No.	L9ST SPIT 30 ACRE LIFT STATION		
Serial No.		Site	PWD
Model No.	HEA METER #21797	Equipment Type	SLFT
Location	FREIGHT DOCK RD.	Person Responsible	
Sub-location 1		Priority	
Sub-location 2		Operating Status	
Sub-location 3		In Service	Yes

Manufacturer		General Ledger No.	300
Vendor ID		Asset No.	
Vendor Branch		Service Contract No.	235-3768
Cost Center	503	User-defined Field 1	
Department		User-defined Field 2	
Purchase Date	6/21/1993	User-defined Field 3	235-3768
Startup Date	10/21/1993	User-defined Field 4	
Warranty Expiration Date		User-defined Field 5	
Life (months)	1,200.00	User-defined Field 6	
Original Cost	$47,000.00	User-defined Field 7	
Replacement Cost		User-defined Field 8	
Employee Labor Cost	$16,482.01	User-defined Field 9	
Vendor Labor Cost	$0.00	User-defined Field 10	
Material Cost	$4,946.83		
Spare-parts Code			

0301-5	OPERATIONAL INSPECTION OF 30 ACRE LIFT STATION.	SCHED	2.00	Yes	5208	No
2601-20	CLEANING. USING HYDRAULIC JET, WASH AND PUMP DOWN STATION.	SCHED	2.00	Yes	5208	No
SENS-01	REPLACE SENSAPHONE BATTERIES	SCHED	2.00	Yes	5202	Yes
SWRLFT-01	CHECK ALL AUTO DIALERS ON LIFT STATIONS	SCHED	2.00	Yes	5208	Yes

Station on line 1993 - Hydromatic Pumps

Pump Horsepower 1hp
Pump 1 S1405051 Manufactured 1993
Pump 2 S1405052 Manufactured 1993
Pump 3 S14051 manufactured 1993 (spare)
Model No. S4NVX100CB
Serial No.
Impeller No. 6.4" diam.
Average GPM
#ft TDH
Voltage 230 - 1phase
Amperage 8.2
RPM 1150

AUTO DIALER INFO - Model 1104, S/N 2161104, Phone # 235-3768
INSTALLED SENSAPHONE 01/2003

...Input 1....Low Level & High Level
...Input 2...Pump 1 High Temp
...Input 3...Pump 2 High Temp
...Input 4...Power Failure

WASTE WATER LIFT STATIONS SCHEDULED PMI'S

CITY OF HOMER

Equipment No.	L10ST STEP SYSTEM @ 2196 HOMER SPIT ROAD		
Serial No.		Site	PWD
Model No.	1ST HOUSE ON LEFT GOING OUT	Equipment Type	SLFT
Location	2196 HOMER SPIT ROAD	Person Responsible	
Sub-location 1		Priority	
Sub-location 2		Operating Status	ACTIVE
Sub-location 3		In Service	Yes

Manufacturer		General Ledger No.	300
Vendor ID		Asset No.	
Vendor Branch		Service Contract No.	
Cost Center	503	User-defined Field 1	
Department		User-defined Field 2	
Purchase Date	6/1/1990	User-defined Field 3	
Startup Date	6/1/1990	User-defined Field 4	
Warranty Expiration Date	6/1/1995	User-defined Field 5	
Life (months)	120.00	User-defined Field 6	
Original Cost		User-defined Field 7	
Replacement Cost	$10,000.00	User-defined Field 8	
Employee Labor Cost	$3,988.20	User-defined Field 9	
Vendor Labor Cost		User-defined Field 10	
Material Cost	$2,557.35		
Spare-parts Code			

STEP SYSTEM INSTALLED UNDER SPIT SEWER CONTRACT.
STEP SYSTEM SERVES PRIVATE RESIDENCE AND IS CONNECTED TO SPIT FORCE MAIN.

BM # OSI-20SCIF-03 ORENCO SYSTEM, SUTHERLIN, OR
OSI MODEL NO 200SO05HHF CODE IF00S

MOTOR
SN 00B18 16-1066
MN 2445040117 HP 1/2 HZ 60
VOLTS 115 AMP 10 KW .37
RMP 3450 SF MAX 12 AMP, PH 1
KVA CODE R SF 1.6
CONTINUOUS DUTY E79319
2 WIRE SUBMERSABLE MOTOR

WASTE WATER LIFT STATIONS SCHEDULED PMI'S

CITY OF HOMER

Equipment No.	L11ST STEP SYSTEM @ 2664 HOMER SPIT ROAD		
Serial No.		Site	PWD
Model No.	2ND HOUSE ON LEFT GOING OUT	Equipment Type	SLFT
Location	2664 HOMER SPIT ROAD	Person Responsible	
Sub-location 1		Priority	
Sub-location 2		Operating Status	ACTIVE
Sub-location 3		In Service	Yes

Manufacturer		General Ledger No.	300
Vendor ID		Asset No.	
Vendor Branch		Service Contract No.	
Cost Center	503	User-defined Field 1	
Department		User-defined Field 2	
Purchase Date	6/1/1990	User-defined Field 3	
Startup Date	6/1/1990	User-defined Field 4	
Warranty Expiration Date	6/1/1995	User-defined Field 5	
Life (months)	120.00	User-defined Field 6	
Original Cost		User-defined Field 7	
Replacement Cost	$10,000.00	User-defined Field 8	
Employee Labor Cost	$461.32	User-defined Field 9	
Vendor Labor Cost		User-defined Field 10	
Material Cost	$216.03		
Spare-parts Code			

STEP SYSTEM INSTALLED DURING SPIT SEWER COLLECTION SYSTEM PROJECT.
SYSTEM SERVES PRIVATE RESIDENCE AND IS CONNECTED TO FORCE MAIN.

HP 1/3 VOLTS 115
AMP 7.0
RPM 3450
SF MAX AMP 8.9

IF PUMP NEEDS REPLACED, REPLACE WITH TYPE IN L10ST.

WASTE WATER LIFT STATIONS SCHEDULED PMI'S

CITY OF HOMER

Equipment No.	L12KD SEWER LIFT STATION - KACHEMAK DRIVE		
Serial No.		Site	PWD
Model No.		Equipment Type	SLFT
Location	KACHEMAK DRIVE	Person Responsible	
Sub-location 1	-	Priority	
Sub-location 2	-	Operating Status	
Sub-location 3	-	In Service	Yes

Manufacturer		General Ledger No.	300
Vendor ID		Asset No.	
Vendor Branch		Service Contract No.	
Cost Center	503	User-defined Field 1	
Department		User-defined Field 2	
Purchase Date		User-defined Field 3	
Startup Date		User-defined Field 4	
Warranty Expiration Date		User-defined Field 5	
Life (months)	240.00	User-defined Field 6	
Original Cost	$170,366.00	User-defined Field 7	
Replacement Cost	$225,000.00	User-defined Field 8	
Employee Labor Cost	$253.38	User-defined Field 9	
Vendor Labor Cost	$0.00	User-defined Field 10	
Material Cost	$0.00		
Spare-parts Code			

1501-1	CLEANING, USING HYDRAULIC JET WASH AND PUMP DOWN STATION.	SCHED	2.00	Yes	5208	No
L12KD-01	OPERATIONAL INSPECTION OF KACHEMAK DRIVE LIFT STATION	SCHED	2.00	Yes		No
SWRLFT-01	CHECK ALL AUTO DIALERS ON LIFT STATIONS	SCHED	2.00	Yes	5208	Yes

CONSTRUCTED 2012 AS COMPONENT W/ WATER/SEWER LID
BY HERNDON CONSTRUCTION, LLC
LUMP SUM: $170,366

FLYGT PUMPS
..MODEL MP3127 / 890HT-262
..11HP / 3PH/230V/60HZ

Renee Krause

From: Kitsap Sun <kcastner@tonsina.biz>
Sent: Friday, January 25, 2013 12:03 PM
To: Renee Krause
Subject: From Kitsap Sun: Committee says Kitsap PUD should manage Bainbridgewater system

Ken Castner sent you this:

Committee says Kitsap PUD should manage Bainbridge water system

http://www.kitsapsun.com/news/2013/jan/24/committee-says-kitsap-pud-should-manage-water/

Ken Castner attached this additional message:

Follow-up article on farming out utility operation from Kevin Hogan.

Kitsap Sun

Committee says Kitsap PUD should manage Bainbridge water system

By Tad Sooter

Thursday, January 24, 2013

BAINBRIDGE ISLAND — The city's Utility Advisory Committee gave its stamp of approval to a proposal by Kitsap Public Utility District to take over management of the Bainbridge's water system.

In a presentation to the City Council on Wednesday, committee Chair Arlene Buetow urged the city to consider an agreement with the Poulsbo-based district.

"We believe the KPUD proposal provides the most comprehensive, price-competitive option with minimum oversight required by the city," Buetow said.

The committee's endorsement could move the city a step closer to outsourcing management of its water utility. The city issued a request for management proposals in September. It received responses from KPUD, Northwest Water Systems of Port Orchard, and Washington Water Service Company of Gig Harbor. The council passed the proposals to the Utility Advisory Committee for review and the committee compiled a 45-page analysis.

The committee tossed out the response from Northwest Water Systems, which essentially offered consulting services. The plan didn't fit the city's criteria and would duplicate work done by prior consultant studies, the committee concluded.

Washington Water Service's proposal would provide management of the water utility at a fixed rate and take on other services at an additional cost. Those added costs would be "substantial," according to the committee's report.

The committee preferred the "all inclusive" approach offered by KPUD. The utility district proposal included billing, maintenance, and water resource planning among a long list of services. KPUD would charge the city $48,876 per month to manage the city's 2,471 metered water connections. KPUD already manages a private water system at the north end of the island.

Based on costs and services offered by KPUD, as well as its local experience, the committee concluded city customers "will be best served by outsourcing the water utility management at this time."

Outsourcing the water utility has been a hot topic since 2010. Some ratepayers have advocated transferring management of the system to lower costs. The City Council

narrowly voted at the end of 2011 retain management of the utility and cut costs internally. In August the council raised the discussion again and voted to issue the request for proposals.

Council members didn't comment on the Utility Advisory Committee's report Wednesday but will take up the discussion at its Feb. 6 study session.

The committee's report and the three management proposals are posted on the city's website: www.bainbridgewa.gov.